

# The Incorporated Accountants' Journal

The Official Organ of  
The Society of Incorporated Accountants and Auditors

THE INCORPORATED ACCOUNTANTS' JOURNAL is published monthly, on the first day of each month, at an Annual Subscription of 12s. 6d., which includes postage to all parts of the world. The price of a single copy is 1s. 3d., postage extra.

Communications respecting the general business of the paper to be addressed to the Secretary of the Society of Incorporated Accountants and

Auditors, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2. Cheques and postal orders should be made payable to the Society, and crossed "Bank of England."

Letters for the Editors to be forwarded to them, care of the Secretary, as above. Correspondence, copies of reports and accounts, &c., will be welcomed from the profession.

Vol. XLVII

JULY, 1936

No. 10

## Contents.

	PAGE
Professional Notes	337
Register Certificates and Estoppel (Article)	340
Dispute as to Scale of Investigation Charges	341
Society of Incorporated Accountants and Auditors:—	
Membership	341
Examination Results	355
Honours for Accountants	342
Auditors and Accountants: Degrees of Liability	342
Bankruptcy, England. General Rules	345
The Institute of Municipal Treasurers and Accountants: Annual Meeting and Conference	345
Professional Appointment	347
Caution	347
Some Notes on Bankruptcy Practice: Lecture by Mr. R. Kynoch	
Clark, A.C.A.	348
Accountant's Claim for Charges	352
Reviews	352
Claims Under Schedule A (Northern Ireland): Lecture by Mr. H. McMillan, A.S.A.A.	353
Incorporated Accountants' Golfing Society	354
The Public Trustee's Report	363
Local Authorities and the Money Market: Paper by Mr. Reginald McKenna	363
Union of South Africa: Report of Accountancy Profession Commission	366
Obituary	367
Changes and Removals	367
The Future of Gold Supply: Lecture by Mr. W. J. Bussechau, M.Com.	367
Successful Action for Charges	376
District Societies of Incorporated Accountants	376
Scottish Notes	381
Legal Notes	382

Third Place Certificate; Mr. Herbert Keeling (Nottingham), Fourth Place Certificate; Mr. Christopher Utrick Mack (Newcastle-upon-Tyne), Fifth Place Certificate; Mr. Dan Francis Rookwood (London), Sixth Place Certificate; Mr. Alexander Philip Isaac Greene (London), Seventh Place Certificate; and Mr. Charles Robinson Currie (Birkenhead), Eighth Place Certificate. For this examination there were 490 candidates, of whom 49 per cent. were successful.

Forty-three per cent. of 180 entrants passed the Preliminary examination. Miss Hildred Irene Bridgwater (Birmingham), is awarded the First Place Certificate, and Mr. Dennis John England (London), the Second Place Certificate.

## Professional Notes.

We publish this month the results of the recent examinations of the Society of Incorporated Accountants and Auditors. The number of candidates totalled 978, of whom 471 (48 per cent.) were successful.

The percentage of passes in the Final examination, for which 358 candidates presented themselves, was also 48 per cent. Three Certificates of Merit have been awarded, the recipients being Mr. Herbert William Simpson (Bradford), First; Mr. Lazarus Coorland (London), Second; and Mr. William Edward Rushforth, (Wigan), Third.

Eight candidates obtained Honours in the Intermediate examination. They are Mr. Gilbert Sugden (Taunton), First Place Certificate and First Prize; Mr. Harry Smith (Chesterfield), Second Place Certificate and Second Prize; Mr. Derrick Longridge Crow (Nottingham),

In Committee on the Finance Bill the clauses relating to tax avoidance were severely criticised, partly in regard to their operation and partly in reference to their complicated wording. Several Members of Parliament complained of the want of lucidity in drafting, and Sir John Withers said that the clause relating to educational trusts was the most complicated one he had had to deal with in his life. He had sent it to the best Counsel at the Bar and had received letters from them saying that it was absolutely and totally unintelligible.

On Clause 16, which relates to the avoidance of income tax by the transfer of income to persons abroad, an amendment was moved to leave out the proviso which sets forth that sub-clause (1) shall not apply if the individual shows to the satisfaction of the Special Commissioners that the transfer was effected mainly for some purpose other than the avoidance of liability to taxation. To meet the representations that were made, the Government agreed to re-consider the wording of the proviso. A further amendment designed

to place the onus of proof upon the Inland Revenue instead of upon the taxpayer was rejected, Mr. Chamberlain stating that if it were carried it would, in his opinion, wreck the clause; and he expressed the same view with regard to a further amendment to omit the word "mainly." If this were done, he said, the clause could not operate if any taxpayer could give any reason whatever, in addition to avoidance of tax, for his action in transferring some of his assets abroad. To take the word "mainly" out, he said, would be quite fatal to the clause.

To Clause 19, which deals with revocable and irrevocable settlements, the Chancellor of the Exchequer moved some amendments for the purpose of counteracting an attempt which, he said, some ingenious people were making to make revocable deeds, entered into before the Budget was introduced, irrevocable under the new Act. Information as to the procedure had, he said, been circulated, and a number of supplementary deeds had been drawn up.

Regarding revocable settlements made after the decision of the House of Lords, in *Watson's Trustees v. Wiggins* in 1933, it was suggested that the makers of these settlements ought to have until next December in which to decide whether to make them irrevocable, and Mr. Chamberlain said he would look into the point before the report stage. The power conferred on the Commissioners under sub-clause (6) to require "any person" to furnish particulars for the purpose of the section was strongly attacked as being an unwarrantable interference with liberty which might lead to grave abuses. On behalf of the Government it was stated that before the report stage the matter would be considered in order to get a form of words which, without hampering the Commissioners, would not confer on them unnecessarily wide powers.

At the present time when the question of legal avoidance of Income Tax is so much to the fore, the decision of the Judicial Committee of the Privy Council in the case of *Income Tax Commissioner of Bengal v. Mercantile Bank of India and Others* affords an example of the methods which can be adopted with this object. It was necessary for the executors of Sir David Yule to raise a large sum of money to provide for the payment of death duties. Included in his estate were a number of holdings in companies which had undistributed profits. Arrangements were made whereby the companies capitalised their undistributed profits and made distributions to

the shareholders in the form of debentures, which were eventually redeemed. Assessments were made upon the executors in respect of the debentures so issued, but it has been held, following the decisions in the case of *Inland Revenue Commissioners v. Blott and Commissioners of Inland Revenue v. Fisher's Executors*, that there was no liability to tax thereon.

The question whether an income tax payer in Australia should bear tax upon income derived from stock held in England on the amount represented in pounds payable in England or upon its higher valuation in Australian currency was decided last month. The case came before the Judicial Committee of the Privy Council at the instance of Mr. A. E. T. Payne, who based his claim to be assessed on the lower basis upon the decision in *Adelaide Electric Supply Company v. Prudential Assurance Company* in 1934, but the Court refused to admit the analogy and decided the case against him. The rule for the future, the Court said, could be stated as follows: That in order to calculate Australian Income Tax at a rate of so many pence per pound of "taxable income," it is essential that the "assessable income" should be expressed in terms of Australian currency.

It was held by Mr. Justice MacKinnon in the case of *Desoutter Brothers Limited v. J. E. Hanger and Co., Limited*, that the payment of a lump sum in advance for the use of a patent for a period of five years was a payment by way of capital and not of income, and therefore not subject to deduction of income tax by the party making the payment.

A point of some importance in relation to receiverships was decided by Mr. Justice Lawrence in relation to the affairs of John A. Wood, Limited. There were two issues of debentures. Under the first the receiver was appointed as agent for the debenture holder, and the whole of the debentures were paid off. In the case of the second debentures the same receiver was continued, and his appointment was in a form that made him agent for the company. The facts, which were not in dispute, showed that the receiver had succeeded in carrying on the business at a profit, and the Inland Revenue claimed that there had been a "succession" on the appointment of the receiver. This claim, if upheld, would have enabled an income tax assessment to be made without setting off the losses which had occurred in preceding years. The claim was contested, and the decision went in favour of the receiver.

In delivering judgment, his Lordship said that in his view there had been no succession either on the appointment of the receiver for the first debenture holder or on his appointment as receiver for the second debenture holders. The meaning of the word "succession" was clearly indicated in Rule 9 of Cases I and II of Schedule D of the Income Tax Act, 1918. That rule contemplated that there must be a cessation of the trade that had been carried on and that someone else must succeed to that trade. The appointment of a receiver did not, in his opinion, constitute a cessation and succession within the meaning of the rule.

The case of *Countess of Shrewsbury & Talbot v. Inland Revenue*, which was decided by Mr. Justice Lawrence in the King's Bench Division recently, shows the importance of the words used in deeds relating to the payment of annuities as regards their effect in relation to Income Tax. The words applicable in the case under notice were that certain annuities granted under a Private Act and a Deed were to be paid "clear of all deductions whatsoever for tax or otherwise." His Lordship held that there was no distinction between these words and the words "free of all deductions for income tax or otherwise," and that accordingly the amount to be brought in for the purpose of surtax was the amount of the annuity plus the amount of the income tax thereon, and not the amount of the annuity only as was contended. He further said that if the words had been simply "free of tax" they would then have been read as including surtax, and the surtax would have had to be paid by the trustees. The reason for the distinction was that the word "deduction" was included in the one case and not in the other and that surtax is not imposed by way of deduction.

If a company does not exercise its statutory right to deduct Income Tax in paying a dividend, is the amount to be included in arriving at the total income of the recipient for the purpose of surtax the sum actually received, or must an addition be made in respect of Income Tax? In two recent cases—*Commissioners of Inland Revenue v. Pearson* and *Commissioners of Inland Revenue v. Pratt*—it was claimed that the former was the correct basis, but the Inland Revenue Authorities contended that the position was governed by the decision in *Ashton Gas Company v. Attorney-General*, and was the same as if the dividend had been declared tax free.

In giving judgment, Mr. Justice Lawrence referred to the case of *Neumann v. Inland Revenue Commissioners* upon which the respondents relied, and pointed out that the circumstances in that case were rather exceptional, the distribution there being made out of a specially segregated fund representing profits of the company in excess of its taxable profits. In these circumstances the House of Lords had held that no addition for income tax should be made, because to make such an addition to the dividend would have resulted in the amount distributed being greater than the fund out of which it was paid. The facts in the cases under review were quite different, the distribution being made in each case out of profits which had borne tax. Therefore, it could not be said that the addition of income tax to the amounts actually received by the shareholders would have resulted in the total amount distributed being greater than the fund available, even if the whole of the available profits had been distributed. He accordingly gave judgment for the Inland Revenue.

In an article on the subject of Cost Accounts for Farmers, the Agricultural Correspondent of *The Times* says that to the young farmer cost-accounting is worth many years' experience, and that it is no exaggeration to say that it enables him to learn more in ten years than he would otherwise do in 20 or 30—and to learn it more cheaply.

In response to a resolution of the Federation of Trade Unions on company law amendment, the President of the Board of Trade replied: "I think we have not as yet had sufficient experience of the working of the present Act to enable us to reach sound conclusions as to the directions in which amendment may be desirable."

At the Annual Conference of the Trustee Saving Banks Association the Chairman, Sir John Chancellor, stated that in November, 1935, the total funds of these Banks, including the reserve, amounted to nearly £242,000,000. This showed an increase of more than £15,000,000 on the previous year, and was the largest annual increase recorded in their history. It was further stated that the increase in the last ten years amounted to £95,000,000. There was also an increase of nearly £13,000,000 in the amount due to depositors in the Ordinary department, which likewise constituted a record.

Sir Enoch Hill, President of the Halifax Building Society, in addressing the members of the



Rotary Club at Luton, stated that since the Armistice the Building Societies in this country had lent more than £1,000,000,000 to assist home ownership, and that last year they had advanced on mortgages the record sum of £130,000,000. The assets of the movement to-day, he said, exceeded £600,000,000.

## REGISTER CERTIFICATES AND ESTOPPEL.

It is important to auditors to know whether the production of a register certificate is good evidence of title to the stock or share which it represents. A genuine certificate may in fact be valueless as evidence of title except as at the date of its issue. It is possible for restraint on transfer to be operative in respect of stocks registered as transferable by deed without any note of such restraint appearing on the register certificate.

The law is succinctly stated in *Longman v. Bath Electric Tramways* (1905). A share certificate is, under sect. 68 of the Companies Act, 1929, *prima facie* evidence only of the title of the registered holder of the shares specified therein; it is not a negotiable instrument nor is it a warranty of title on the part of the company issuing it. If the company, having had a certificate lodged with it, together with the transfer for certification, subsequently returns the certificate to the transferor in error (for instance, by a mistake on the part of the secretary), and so enables the transferor to deal afresh with the shares comprised therein and to obtain an advance thereon from a person ignorant of the circumstances under which the certificate had come into the hands of the transferor, that person cannot maintain against the company an action to recover the loss sustained by the fraud of the transferor on the ground that the company was bound to have retained the certificate when lodged; for the company owes no duty of safe custody to the public at large.

Register certificates are issued under seal of the company to enable the person named therein to sell the securities, and the issuing company is estopped from denying the statement that the person named therein is the registered holder. A certificate of shares is merely a solemn affirmation under the seal of the company that a certain amount of stock or shares stands in the name of the individual mentioned in the certificate.

It is the duty of a person receiving, as an equitable mortgage of railway stock, the

certificates of the shares thereof, to inquire what is the real position of the person pretending to mortgage it, for if such person has only the legal title by having the certificates in his possession, but is, in truth, merely the trustee for another, the equitable mortgagee will be unable to enforce his claim in opposition to the original *cestui que trust* (*Shropshire Union Railway Company v. Reg.*, 1875).

Where there are several claimants to shares registered in the name of a third person, the equitable title which is prior in time prevails, unless the claimant under a subsequent equitable title proves that, as between him and the company, he had acquired an absolute and unconditional right to be registered as the owner of the shares before the company received notice of the other claim (*Peat v. Clayton*, 1906). In this case the owner of shares executed an assignment of all his property to the plaintiffs as trustees for his creditors. The plaintiffs applied to the debtor for the certificates of the shares, but were unable to obtain them, whereupon they gave notice to the company of the assignment. The debtor afterwards, through his brokers, sold the shares on the Stock Exchange, executed a transfer, and received the purchase money. The company, notwithstanding the notice, entered the purchaser's name on the register as holder of the shares, but subsequently removed her name from the register and refused to issue certificates. At the request of the purchaser the brokers provided her with other shares in the company, and then claimed to be entitled to the shares sold on behalf of the debtor. It was held that any lien which the brokers might have upon the shares was only upon the debtor's interest, which was subject to the right of the plaintiffs; and that the plaintiffs, not having been guilty of any negligence to deprive them of their equity, were entitled to be registered as owners of the shares.

Where certificates contain a note that no transfer will be registered without the production of a certificate relating to the shares comprised therein, a person who puts forward a transfer unaccompanied by the necessary certificate has not an unconditional right to be registered, at all events unless he can prove the loss or destruction of his certificate, although, probably, the company would not incur any liability if it rejected the transfer without the production of the certificate unless it had notice at the time of registration of the prior claim of some other person with whom the certificate had been deposited as security for money.

If the officer of the company whose duty it



is to certify transfers returns the certificate after certification to the transferor, the company will not be liable to persons who subsequently deal with the transferor on the faith of his having the certificate and without knowledge of the certification.

Where genuine certificates remain in the hands of shareholders upon a reconstruction or amalgamation, a company can do no more than demand the surrender of the certificates; it cannot compel the surrender.

Usually an auditor is satisfied by the production of the register certificate or by proof that it is held by some other person on behalf of the owner. Complete protection may be secured by a communication from the company that in fact the securities are in the hands of the registered holder. Ordinarily the auditor relies on the principle of estoppel, but where there are suspicious circumstances, *e.g.*, certificate marked "duplicate," the auditor is put upon inquiry, and if such inquiry is not made and the registered holder effects a sale by means of a register certificate a claim based on estoppel would probably fail.

### DISPUTE AS TO SCALE OF INVESTIGATION CHARGES.

Fees charged by Mr. Harry Geo. Duggin, trading as H. G. Duggin & Co., Corporate Accountants, of High Street, Shoreditch, for carrying out a lengthy investigation as to the income tax liability of the firm of Messrs. A. Goodman, timber merchants, of Bethnal Green Road, and of the three partners of the firm, were discussed in the High Court recently before Mr. T. Eastham, K.C., Official Referee. Mr. Duggin's total charge was £1,210, of which £650 had been paid on account, leaving a balance now claimed of £560.

According to the case placed before the Court, the Revenue Authorities in October, 1934, called for a full investigation of the accounts of the defendants' business, and Mr. Duggin was employed by them to co-operate with the special Branch of the Revenue in the investigation and in arriving at a proper adjustment.

For the defendants it was pleaded that plaintiff informed them that his fees would amount to between £500 and £700, and as they had already paid £650 they contended that that was sufficient. Defendants urged that plaintiff's charges at the rate of 10½ guineas a day for himself, five guineas for his managing clerk, three guineas for first-class clerks, and 1½ guineas for second class clerks were excessive and unreasonable.

Plaintiff's claim had been investigated on behalf of the Court by Mr. Alfred Page, Chartered Accountant, and it was upon his report that the matter now came before the Court.

Mr. Page reported that in his opinion the work done by the managing clerk could have been done by lower grade clerks. He allowed only 2 guineas for the managing clerk and first and second clerks, and in that way reduced the bill to £926 10s. 9d.

Mr. G. R. Blanco-White, K.C., for the plaintiffs, explained that an enormous amount of work had to be

done, and it was extraordinarily difficult owing to a number of irregularities. Over 16,000 documents had to be investigated and fourteen banking accounts. All the charges were within the scale, and plaintiff now protested against Mr. Page's report.

Mr. Page, in the witness box, after being questioned by the Official Referee and Mr. Blanco-White, agreed that his total should be increased to £1,074 11s. 9d.

Mr. Philip Vos, for defendants, suggested that there was a distinction between a Chartered or Incorporated Accountant and a Corporate Accountant.

Mr. Page agreed, and admitted that the charges of a Corporate Accountant were on a lower scale than those of a Chartered or Incorporated Accountant. He added, however, that he thought that a Corporate Accountant should be paid the same fees as a Chartered Accountant if he could do the work as well.

Mr. Duggin, giving evidence, said he had never had to deal with a back duty case which involved so much difficulty as this one, and the Revenue Authorities told him they would accept his report.

Mr. Sydney Smith, O.B.E., F.S.A.A., giving evidence for the defendants, valued the work done by the plaintiffs at £728.

The Official Referee, giving judgment, said the dispute had raised difficult issues, as it concerned an investigation as to the tax liability of the defendants over a period of twelve years. It was necessary, owing to the false and forged invoices and documents in the case, to examine them with special care, which involved a great deal of work. He accepted the evidence given by Mr. Page that the proper charge for the work was £1,074 11s. 9d., and as £650 had already been paid he entered judgment for plaintiffs for a balance of £424 11s. 9d. with certain costs.

## Society of Incorporated Accountants and Auditors.

### MEMBERSHIP.

The following additions to and promotions in the Membership of the Society have been completed since our May issue:—

#### ASSOCIATES TO FELLOWS.

COLE, ERIC ALFRED CLEMENTS (Clements Cole & Partners), 5, Bloomsbury Square, London, W.C.1, Practising Accountant.

COMPTON, CYRIL GLOVER (Stephenson, Smart & Co.), Queen's Chambers, Bargate, Boston, Lincs, Practising Accountant.

HAUGHTON, FREDERICK (Harrison, Smith & Haughton), 6A, North Parade, Bath, Practising Accountant.

HORROCKS, HENRY, 5, Derwen Road, Bridgend, Glam, Practising Accountant.

JESSAP, CHARLES TOWNSLEY (Stephenson, Jessap & Co.), Old Post Office Chambers, Skegness, Practising Accountant.

LUMLEY, DOUGLAS FRANK (Geo. W. Spencer & Co.), 10, Bush Lane, Cannon Street, London, E.C.4., Practising Accountant.

MOORE, GERALD JOSEPH, 31, Dame Street, Dublin, Practising Accountant.

POTTS, NORMAN (Chas. H. Mellor, Potts & Co.), Union Bank Chambers, Stalybridge, Practising Accountant.

SALISBURY, GARETH COCKSHOTT (West, Williams & Salisbury), 6, Broad Street Place, London, E.C.2, Practising Accountant.

**TALBOT, JOHN EDWIN** (Talbot, Ellis, Jack & Co.), 5-11, Theobald's Road, London, W.C.1, Practising Accountant.

**THOMAS, ALFRED DAVID**, 12, Windsor Place, Cardiff, Practising Accountant.

**WALTERS, PERCY HOWELL**, National Provincial Bank Chambers, Tooting Broadway, London, S.W.17, Practising Accountant.

#### ASSOCIATES.

**BARON, GARETH BARLOW**, with T. N. Steel & Co., Union Bank Chambers, Huddersfield.

**BRITTON, EDWARD ERIC**, with Greenhalgh, Sharp & Co., 30, Brown Street, Manchester.

**BURY, BOB SPENCER**, with Duart-Smith, Baker & Price, Albion House, King Street, Gloucester.

**COLLINS, JAMES WILLIAM GANE**, with Cassleton Elliott & Co., 4-6, Throgmorton Avenue, London, E.C.2.

**CORLESS, ERIC ADCROFT**, formerly with Milford & Co., 3, Richmond Terrace, Blackburn.

**COWELL, LUKE**, with Deloitte, Plender, Griffiths, Annan & Co., Norwich Union Buildings, St. George's Street, Cape Town.

**DENNER, HAROLD, A.C.A.** (John Potter & Harrison), 22, Birley Street, Blackpool, Practising Accountant.

**DOUGLAS, RICHARD WILLIAM FREDERICK**, with J. E. Close & Co., Colonial Mutual Buildings, 106, Adderley Street, Cape Town.

**EVANS, WILFRED JAMES**, with Shaw, De Freece & Co., 128-132, Shaftesbury Avenue, London, W.1.

**FRANKS, ERNEST EDWARD, B.A.**, with E. R. Syfret & Co., Burg and Wale Streets, Cape Town, South Africa.

**HAWKES, WALTER HENRY**, with Mortimer & Sly, 37 High Holborn, London, W.C.1.

**JACOT-GUILLARMOD, MARCEL HENRI**, with Deane & Thresher, S.A. Mutual Buildings, Hoffman Square, Bloemfontein.

**KOSSUTH, FREDERICK FRANCIS**, with Hands & Shore, 106, St. Georges Street, Cape Town, South Africa.

**MORTIMER, ROBERT BIRDELL**, with F. C. Gardiner & Co., Barclays Bank Chambers, Scarborough.

**PAYNE, ERNEST GEORGE**, with Edward Blinkhorn, Lyon & Co., 69, Leadenhall Street, London, E.C.3.

**RAMSBOTTOM, WILLIAM LEONARD**, with Messenger, Powell & Co., 40, South King Street, Manchester.

**RAMSDEN, RUFUS**, County Accountant's Department, Bucks County Council, County Offices, Aylesbury.

**REASON, PETER HENRY**, with Hilton, Sharp & Clarke, 14, Grays Inn Square, London, W.C.1.

**ROBBINS, GUY MAX**, with Harper-Smith & Moore, 30, London Street, Norwich.

**RODE, HILMAR, B.Comm.**, formerly with Hands & Shore, 106, St. George's Street, Cape Town.

**SMITH, ALFRED JAMES**, with Moir, Wood & Co., 8, Kinnoull Street, Perth.

**SMITH, EDWARD**, with R. Smith, 13, Lune Street, Preston.

**WILD, RAYMOND**, with W. J. Ching & Co., Princess Chambers, 8, Sussex Terrace, Plymouth.

#### HONOURS FOR ACCOUNTANTS.

The Honours List issued on the occasion of the King's Birthday includes the following members of the accountancy profession :—

**Mr. John William Todd, C.B.E., F.S.A.A.**, Accountant-General, Ministry of Labour, becomes a Companion of the Order of the Bath (Civil Division).

**Mr. Oswald William Arnold, F.S.A.A.**, Inspector of Audit (Edinburgh), National Insurance Audit Department, receives the distinction of O.B.E., and **Mr. Percy Cooke Taylor, F.C.A.**, Secretary to the Trustee Savings Banks Inspection Committee, is awarded the M.B.E.

#### AUDITORS AND ACCOUNTANTS: DEGREES OF LIABILITY.

We are indebted to the *Law Times* for permission to publish the following article, which appeared recently in the columns of that journal. (The case referred to was fully reported in our April issue)—

The common law and statutory provisions regulating the professional labours of accountants create, quite frequently, serious difficulties to members of the accountancy profession, as was illustrated by the recent case of *Pendleburys Limited v. Ellis Green & Co.*, heard by Mr. Justice Swift (at the Manchester Assizes) on March 17th, 18th, 19th and 20th.

As the term is popularly used and understood an "accountant" is one who deals with accounts, in a professional way, to assist his client, and no distinction is drawn as between one type of work so undertaken and another; but in actuality there are very marked differences, and these differences involve differing consequences in law. A most important distinction, for example, is to be observed as between (a) the accountancy or higher book-keeping labours of an accountant, and (b) the duties which he discharges as auditor. The Companies Act, 1929, has done little, if anything, to differentiate as between accountancy and auditing in this respect, and, in particular, with regard to three highly important sections—namely, 122, 123 and 134—closer definition would be most helpful.

In the recent case referred to above the plaintiffs claimed damages against the defendants, a firm of Chartered Accountants, for negligence and/or breach of duty; by their statement of claim the plaintiffs alleged that the defendants, at all material times, had been the auditors and accountants of the plaintiffs, and that there was implied from such relationship an obligation upon the defendants that they would exercise reasonable skill, care and diligence in the examination and audit of the plaintiffs' books, accounts and documents, and that by reason of the defendants' negligence and/or breach of duty defalcations, amounting in all to £1,552, alleged to have been made over a period of years (from 1928 to 1934) by the plaintiffs' cashier, were suffered to go undetected and continued until the date of his death in November, 1934; the plaintiffs claimed the said sum of £1,552 by way of damages. For the defendants it was contended that by a resolution of the board of directors of the plaintiff company they had been appointed its auditors upon its incorporation in 1911, and had continued to discharge the duties of auditors until 1935, but that they had not been appointed, nor had they undertaken the labours of, accountants; they did not admit that any sums had been lost by the plaintiffs, nor that any defalcations on the part of the cashier could be shown; and they contended that, in any event, they had sufficiently discharged their duties as auditors since they had from time to time drawn the attention of the board of directors (when forwarding the draft balance sheets to them after each audit) to the absence of certain books and internal checks which rendered the system of book-keeping in use by the plaintiffs far from ideal from the point of view of checking. The issues upon all the facts of the case really resolved themselves into a question whether the defendants, having regard to their alleged failure to discover during their audits the existence of certain books which the plaintiffs said had been kept by the company and should have been checked by their auditors, were justified in giving their reports in the form in which they did. Those reports followed the statutory form, which

is now contained in sect. 134, sub-sect. (1), of the Companies Act, 1929, in the following terms:—

"The auditors shall make a report to the members on the accounts examined by them, and on every balance sheet laid before the company in general meeting during their tenure of office, and the report shall state:—(a) whether or not they have obtained all the information and explanations they have required; and (b) whether, in their opinion, the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company."

It is to be observed that sects. 122 to 134 of the statute are concerned with "Accounts and Audit." Sect. 122, sub-sect. (1), provides that:

"Every company shall cause to be kept proper books of account with respect to—(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (b) all sales and purchases of goods by the company; (c) the assets and liabilities of the company."

Sub-sect. (3) of the same section goes on to provide that:

"If any person being a director of a company fails to take all reasonable steps to secure compliance by the company with the requirements of this section, or has by his own wilful act been the cause of any default by the company thereunder, he shall, in respect of each offence, be liable on summary conviction to imprisonment for a term not exceeding six months or to a fine not exceeding two hundred pounds: Provided that a person shall not be sentenced to imprisonment for an offence under this section unless, in the opinion of the court dealing with the case, the offence was committed wilfully."

It will be seen, accordingly, that the responsibility for keeping proper books of account is placed upon the company, and the penalties for failing to comply with these statutory provisions are imposed upon the company's directors. Whether the somewhat meagre requirements of sect. 122, sub-sect. (1) (a), (b) and (c), are from the scientific accountancy point of view "proper books of account" is a matter of controversy. Be that as it may, sect. 123, sub-sect. (1), goes on to provide:

"The directors of every company shall at some date not later than eighteen months after the incorporation of the company and subsequently once at least in every calendar year lay before the company in general meeting a profit and loss account, or, in the case of a company not trading for profit, an income and expenditure account for the period, in the case of the first account, since the incorporation of the company, and, in any other case, since the preceding account, made up to a date not earlier than the date of the meeting by more than nine months, or, in the case of a company carrying on business or having interests abroad, by more than twelve months: . . ."

Sect. 123, sub-sect. (2), is in the following terms:

"The directors shall cause to be made out in every calendar year, and to be laid before the company in general meeting, a balance sheet as at the date to which the profit and loss account, or the income and expenditure account, as the case may be, is made up, and there shall be attached to every such balance sheet a report by the directors with respect to the state of the company's affairs, the amount, if any, which they recommend should be paid by way of dividend, and the amount, if any, which they propose to carry to the reserve fund, general reserve or reserve account shown specifically on the balance sheet, or to a reserve fund, general reserve or reserve account to be shown specifically on a subsequent balance sheet."

Here, again, it is to be observed that the responsibility is laid upon the directors; and by sub-sect. (3) the penalties are also imposed upon the directors in the event of failure to comply with the statutory requirements.

Sect. 132 requires, by sub-sect. (1), that:

"Every company shall at each annual general meeting appoint an auditor or auditors to hold office until the next annual general meeting."

The function of the auditors, as stated in sect. 134, sub-sect. (1), is to make a report to the members of the company on the accounts which they have examined, and more specifically to report upon the balance sheet laid before the company in general meeting. The purpose sought to be achieved by the Legislature in requiring the appointment of auditors is that the members shall be afforded protection and safeguards against maladministration by the directors and officers of the company, which maladministration may be brought to light by an audit; and sub-sect. (3) of sect. 134, which was one of the novel provisions introduced by the Companies Act, 1929, gave the auditors the right to attend any general meeting of the company at which any accounts examined or reported on by them are to be laid before the company, and to make any statement or explanation they desire with respect to the accounts; this innovation was designed to further and to enhance the protection which may be afforded to members by competent auditing. In *Pendlebury's* case (*sup.*), it was contended by counsel for the plaintiffs (W. Gorman, K.C., and Mr. A. Denis Gerrard) that the reports which the defendants had presented, and any warning notes which they had sounded consequent upon their audits, had been communicated to the directors of the company and not to the members, and that in that respect, accordingly, they had failed to discharge properly the duties of auditors. Counsel for the defendants (Mr. Philip Vos and Mr. W. Summerfield) submitted, upon the authorities, that regard must be had to the particular circumstances of each particular case whenever a charge of negligence or failure to discharge a duty is brought against auditors, and that in this case, since the plaintiffs were a private company (incorporated in 1911) for the specific purpose of acquiring and carrying on a business previously owned and conducted first by one of their directors, and later by all three as partners, the auditors had, in fact, properly communicated that which they ought to have communicated to the proper persons. The sole shareholders of the plaintiff company were three brothers—Mr. J. T. Pendlebury, Mr. A. P. Pendlebury and Mr. J. Pendlebury; they were also the sole directors of the company, and the sole debenture-holders. In the course of his judgment, Mr. Justice Swift observed that the defendants had made their reports to the three men who had "every pecuniary interest in the company," and that although they, as auditors, were there to protect the shareholders it could not seriously be said that the shareholders did not receive the information and protection which the law desired should be secured to them. The learned Judge held, further, upon the evidence, that no fraud had been proved against the deceased cashier, and, moreover, that even if such fraud had been proved there was nothing before him to show that the defendants had been negligent in failing to detect the malpractices which were alleged against the cashier. The said cashier was an old and trusted servant of the company who had been employed by Mr. J. T. Pendlebury, the original sole proprietor, and by the three directors, trading as partners, prior to the incorporation of the company, and by the company itself for upwards of thirty years; and auditors are entitled in law to take facts and figures from a trusted servant of the company without



investigating them as if they suspected fraud, providing always there are no circumstances of a suspicious nature putting them upon that line of inquiry.

The following cases were relied upon by counsel for the defendants in that, quite apart from the decisions contained in their respective judgments dealing with the specific issues raised by them, they afford comprehensive and valuable dicta, setting forth general principles covering the duties of auditors.

(I.) *Re London and General Bank* (No. 2) (73 L.T.Rep. 304; (1895) 2 Ch. 673, C.A.); the *Law Reports* headnote to that case states (in part):

"Although it is not the duty of the auditors of a company . . . to consider whether its business is prudently or imprudently conducted, it is their duty to consider and report to the shareholders whether the balance sheet exhibits a correct view of the state of the company's affairs, and the true financial position of the company at the time of the audit. They must ascertain this by examining the books of the company, and must take reasonable care that what they certify as to the company's financial position is true. And except in very special cases it is their duty to place before the shareholders the necessary information as to the true financial position of the company, and not merely to indicate the means of acquiring it."

In the course of his judgment (at p. 682 of (1895) 2 Ch.), Lord Justice Lindley said that the object of the Legislature in directing that the company and not the directors shall appoint auditors, is "to secure to the shareholders independent and reliable information respecting the true financial position of the company at the time of the audit." He then proceeded (*ibid.*): "It is no part of an auditor's duty to give advice, either to directors or shareholders, as to what they ought to do. An auditor has nothing to do, for example, with the prudence or imprudence of making loans with or without security. It is nothing to him whether the business of a company is being conducted prudently or imprudently, profitably or unprofitably." "His business," he proceeded (at pp. 682, 683), "is to ascertain and state the true financial position of the company at the time of the audit, and his duty is confined to that. But then comes the question: How is he to ascertain that position? The answer is: By examining the books of the company. But he does not discharge his duty by doing this without inquiry and without taking any trouble to see that the books themselves show the company's true position. He must take reasonable care to ascertain that they do so. Unless he does this his audit would be worse than an idle farce. Assuming the books to be so kept as to show the true position of a company, the auditor has to frame a balance sheet showing that position according to the books and to certify that the balance sheet presented is correct in that sense. But his first duty is to examine the books, not merely for the purpose of ascertaining what they do show, but also for the purpose of satisfying himself that they show the true financial position of the company." The learned Lord Justice added, further (at p. 683): "An auditor, however, is not bound to do more than exercise reasonable care and skill in making inquiries and investigations. He is not an insurer; he does not guarantee that the books do correctly show the true position of the company's affairs; he does not even guarantee that his balance sheet is accurate according to the books of the company. If he did, he would be responsible for error on his part, even if he were himself deceived without any want of reasonable care on his part, say, by the fraudulent concealment of a book from him. His obligation is not so onerous as this. Such I take to be the duty of the auditor; he must be honest, *i.e.*, he must not certify what he

does not believe to be true, and he must take [*sic*] reasonable care and skill before he believes that what he certifies is true. What is reasonable care in any particular case must depend upon the circumstances of that case. Where there is nothing to excite suspicion, very little inquiry will be reasonably sufficient, and in practice I believe business men select a few cases at haphazard, see that they are right, and assume that others like them are correct also. Where suspicion is aroused more care is absolutely necessary; but, still, an auditor is not bound to exercise more than reasonable care and skill, even in a case of suspicion, and he is perfectly justified in acting on the opinion of an expert where special knowledge is required."

In *Pendleburys'* case (*sup.*) the evidence for the defendants was directed to show that, even if they were themselves deceived "by the fraudulent concealment of a book" from them—in this case a day-book which was said to have been kept by the deceased cashier as a record of daily cash sales—there had been, in all the circumstances, no "want of reasonable care" on their part.

(II.) *Re Kingston Cotton Mill Company* (No. 2) (74 L.T.Rep. 568; (1896) 2 Ch. 279 C.A.). The headnote there concludes: "An auditor is not bound to be suspicious where there are no circumstances to arouse suspicion; he is only bound to exercise a reasonable amount of care and skill." The judgment of Lord Justice Lopes (at pp. 288, 289, of (1896) 2 Ch.), which has since been often quoted with approval and on which Mr. Justice Swift relied in *Pendleburys'* case, includes the following illuminating dicta: "It is the duty of an auditor to bring to bear on the work he has to perform that skill, care and caution which a reasonably competent, careful and cautious auditor would use. What is reasonable skill, care and caution must depend on the particular circumstances of each case. An auditor is not bound to be a detective, or, as was said, to approach his work with suspicion or with a foregone conclusion that there is something wrong. He is a watch-dog, but not a bloodhound. He is justified in believing tried servants of the company in whom confidence is placed by the company. He is entitled to assume that they are honest, and to rely upon their representations, provided he takes reasonable care. If there is anything calculated to excite suspicion he should probe it to the bottom; but in the absence of anything of that kind he is only bound to be reasonably cautious and careful." Mr. Justice Swift, referring to the highly expressive metaphor: "He is a watch-dog, but not a bloodhound," pointed out that the independent expert who had been called on behalf of the plaintiffs to testify to the investigations which he had conducted, after the commencement of the action, and as a result of which he had discovered what he regarded as several suspicious factors which ought to have led the auditors to have made further inquiry, said that that evidence had been extremely helpful to the court, but it illustrated most admirably the difference between an auditor who, in the ordinary course of his auditing work, does the duty of a watch-dog on the one hand, and an accountant on the other hand, who expressly undertakes the work of a bloodhound—that is, conducts investigations in the spirit of a detective.

Finally (III.), reference may usefully be made to the case *Re City Equitable Fire Insurance Company Limited* (133 L.T.Rep. 520; (1925) 1 Ch. 407, C.A.), which arose out of the sensational downfall of Mr. G. L. Bevan, at one time in the front rank of City financiers. Amongst the many issues covered in the unusually lengthy and detailed hearing there arose for consideration by the court an examination of the duties of auditors in general;

the headnote (at p. 411 of (1925) 1 Ch.) includes the following:

"(2) The measure of the auditor's responsibility depends upon the terms of his engagement. There may be a special contract defining the duties and liabilities of the auditors. If there is, then that contract governs the question. The Articles will, however, be looked at if there is no special agreement, because the auditors will presumably have taken their duties upon the terms (among others) set out in the Articles. That is not to say that auditors can set aside a statutory obligation. No agreement or Article of Association can remove an imperative or statutory duty."

The judgment of Mr. Justice Romer was affirmed (as a whole) by Pollock, M.R., and Lords Justices Warrington and Sargant; and Pollock, M.R. (at p. 509), quoted with approval the dicta which have been referred to (*sup.*), contained in *Re Kingston Cotton Mill Company* (No. 2), and he added: "It is quite easy to charge a person after the event and say: 'How stupid you were not to have discovered something which, if you had discovered it, would have saved us and many others from many sorrows.' But it has been well said that an auditor is not bound to be a detective or to approach his work with suspicion or with a foregone conclusion that there is something wrong."

Lord Justice Warrington (at p. 519) quoted with approval the dicta of Lord Justice Lindley in *Re London and General Bank* (No. 2) (*sup.*) as to the ordinary duties and obligations of an auditor, without reference to any special Article or stipulation as to the terms of his employment; and (at p. 520) he added—following *Re Kingston Cotton Mill Company* (No. 2) (*sup.*)—that an auditor is entitled to accept the certificate of the company's manager, "though on subsequent investigation it turned out that the manager had been for some years defrauding the company, and that his certificate was intended to cover up those frauds." Finally, he summarised the position thus: "The duty of the auditor is to verify the facts which it is proposed to state in the balance sheet, and in doing so to use reasonable and ordinary skill."

## BANKRUPTCY, ENGLAND.

### General Rules.

THE BANKRUPTCY AMENDMENT (NO. 1) RULES, 1936, DATED MAY 25TH, 1936, MADE UNDER SECT. 132 OF THE BANKRUPTCY ACT, 1914 (4 & 5 GEO. 5. C. 59).

1. The following amendments shall be made in paragraph (3) of Rule 103 of the Bankruptcy Rules, 1915:—

(a) In sub-paragraph (c) after the words "October, 1932" there shall be inserted the words "and before the 1st day of June, 1936."

(b) After sub-paragraph (c) the following sub-paragraph shall be inserted and shall stand as sub-paragraph (d):—

"(d) if done after the 31st day of May, 1936, by 33½ per centum."

2. These Rules may be cited as the Bankruptcy Amendment (No. 1) Rules, 1936, and shall come into operation on June 1st, 1936, and the Bankruptcy Rules, 1915, as amended, shall have effect as further amended by these Rules.

Dated May 25th, 1936.

HAILSHAM, C.,

I concur.

WALTER RUNCIMAN,

President of the Board of Trade.

[The above was referred to in our Professional Notes of May last in relation to solicitors' remuneration in bankruptcy cases.—Eds., I.A.J.]

## THE INSTITUTE OF MUNICIPAL TREASURERS AND ACCOUNTANTS.

### ANNUAL MEETING AND CONFERENCE.

The 51st annual general meeting and conference of the above Institute was held at Blackpool on June 17th, 18th and 19th, under the Presidency of Mr. F. W. Rattenbury, F.S.A.A., County Accountant, Middlesex, who was supported by the Executive Council consisting of Mr. Sidney Larkin, F.S.A.A. (President-Elect), Mr. Alfred E. Dean, M.B.E. (Ex-President); Mr. W. Allison Davies, C.B.E., F.S.A.A. (Hon. Treasurer); Mr. John E. Bray, City Treasurer, Manchester; Mr. A. B. Griffiths, F.S.A.A., City Treasurer, Sheffield; Mr. J. D. Imrie, M.A., F.S.A.A., City Chamberlain, Edinburgh; Mr. J. R. Johnson, F.S.A.A., City Treasurer, Birmingham; Mr. R. D. Lambert, O.B.E., F.S.A.A., Borough Treasurer, West Hartlepool; Mr. Samuel Lord, F.S.A.A., Borough Treasurer, Acton; Mr. Edmund Lund, M.B.E., F.S.A.A., City Treasurer, Carlisle; Mr. G. E. Martin, F.S.A.A., Borough Treasurer, Poplar; Mr. Hugh R. Ralph, F.S.A.A., Treasurer to the Harrow U.D.C.; Mr. Frederick Steadman, Chief Financial Officer, Surrey County Council, and Mr. R. A. Wetherall, F.S.A.A., Borough Treasurer, Swansea, together with the Institute's Secretary, Mr. C. G. Garratt-Holden, B.A.

Prior to the official opening of the Conference, the President asked the delegates to stand for a few moments as a mark of respect and esteem to the memory of Mr. William Bateson, a former President, and for many years member of the Executive Council of the Institute and also of the Council of the Society of Incorporated Accountants.

### CIVIC WELCOME.

The delegates received an official welcome from His Worship the Mayor of Blackpool (Alderman Walter Newman, J.P.), and the President expressed to him the indebtedness of the Conference for the arrangements made for the comfort and entertainment of those attending.

### PRESENTATION OF PRIZES.

In accordance with the usual custom of the Institute, candidates who had secured Honours in the various examinations or subjects attended to receive their prizes and certificates from the President.

### REPORT OF THE COUNCIL.

The report on the work of the Council during the year was submitted and approved. Regarding the examinations, the following results were recorded:—

#### Intermediate Examination.

	1935.		1936.	
	%	Number	%	
Passed .. .. .	24	223	39	
Failed .. .. .	76	347	61	
Sat .. .. .	100	570	100	

#### Final Examination. Part 1.

	1935.		1936.	
	Passed.	Sat.	Passed.	%
Candidates taking Part 1 only	42	252	116	46
" " Both Parts	40	5	3	60
Total .. .. .	42	257	119	46

#### Final Examination. Part 2.

	1935.		1936.	
	Passed.	Sat.	Passed.	%
Candidates taking Part 2 only	36	219	109	50
" " Both Parts	13	5	1	20
Total .. .. .	34	224	110	49

The Council again emphasise that no candidate can be admitted to the Intermediate examination unless he has passed a recognised examination in general educational subjects, and particularly ask that this should be borne in mind by honorary members and members in connection with staff appointments.

#### Membership.

The present membership of the Institute is as under:—

Honorary members .. .. .	354
Fellows .. .. .	297
Associates .. .. .	679
Students .. .. .	978

2,308

There are six Branches of the Institute covering England, Wales and Scotland, the members of which meet, usually monthly, to discuss practical problems arising from day to day. There are also five Associates' Sections of Branches, which perform useful work, both in the consideration of current problems and in carrying out special investigations at the request of the Council. The membership of the Associates' Sections is 374. In addition, there are five Students' Societies with a considerable number of District Societies attached to the larger areas, the membership of the five Societies being 4,868.

#### Relations with Other Bodies.

Reference was made to the excellent arrangements for consultation on financial matters with the Association of Municipal Corporations, the Non-County Boroughs Association, the Metropolitan Boroughs Standing Joint Committee and the Urban District Councils Association.

#### General Work of the Institute.

During the year the various Committees of the Council have been engaged on important matters, the Research Committee having devoted a great deal of time to the Standardisation of Abstracts of Accounts. Matters dealt with by other Committees include the publication of Housing Accounts, Costing, Electricity Finance, Government Grants, Revision of the existing Grant System, Income Tax, Financial Legislation affecting Local Authorities, Rating and Valuation, Public Assistance and other important subjects.

#### PRESIDENTIAL ADDRESS.

Mr. Rattenbury, in his Presidential Address, referred to the municipal stock issues during the year and pointed out that in January, 1935, three Corporations were able to secure issues of a 2½ per cent. stock, the first at par 1960-70, the second at £99 1955-65, and the third at £98½ 1960-70. At that time there were grounds for assuming that the market was heading towards a 2½ per cent. par basis for Government issues. Then came what is commonly called the "Pepper Crisis," and other disturbances in the market, with the result that in February Municipal issues were suspended for the time being. The resumption of issues did not take place until the following June. In that month control of issue price first became operative, and three important Corporations issued stock on similar terms, viz., 3 per cent. at £99, 1952-55, all the issues being heavily over-subscribed. Later in the year 1935, and in January, 1936, three issues were made of 3 per cent. stock at 101. The periods were 1955-58, 1955-65 and 1956-58. It appeared, therefore, that whilst there was still control of time of issue, price control had ceased to operate. One of these issues was over-subscribed, and another fully subscribed. In the case of the third, 28 per cent. was left with the underwriters. Towards the end of January, another 3 per cent. issue was made. This time the price

was £100½, and the date 1958. This went very badly, it being reported that 90 per cent. was left with the underwriters. Rigid price control then operated, and the next nine issues (including two County Councils, whose issues are termed "sweet" in the market), were on a basis of 3 per cent. at par. The dates varied, but some slight consideration was extended to the counties, in that they secured the longest date, 1961-66. Several of these issues were under-subscribed. The next four issues, including that of one of the best borrowers in the country, were all issued on the same terms, 3 per cent. at £99, 1956-58, and were, it is believed, over-subscribed. This control of price must in many cases have caused annoyance to chairmen of finance committees and their officers, who take a natural pride in securing a high mark. There is, however, another point of view. It is known that there is still a long waiting list, and that, not only is the demand for new capital very heavy, but also many Corporations have stocks bearing a high rate of interest, which they now have the right to repay. The position is therefore abnormal, and whilst it remains so the present policy of price control is for the common good, particularly when it is realised that local authorities are to-day obtaining money at a rate cheaper than was possible in 1914 or even earlier.

Another matter dealt with by Mr. Rattenbury was the position of the Government and local authorities regarding Local Loans Stock. It was pointed out that during the past year questions had again been asked in the House as to whether it was possible to reduce the rate of interest on loans to local authorities from the Local Loans Fund. The reply had always been to the effect that there would appear to be no reason why the Exchequer should be called upon to bear the loss resulting from such a reduction. A reduction in these interest rates will only be possible when the Government are able by a conversion operation, or other method, to reduce the effective rate of interest on Local Loans stock. In the Finance Act, 1935, the Government obtained power to deal expeditiously with this matter should the occasion arise. The long-term rate of interest at which the Government would seek to convert would probably be 2½ per cent. Is it therefore reasonable to assume that conditions enabling relief to be granted to borrowers from the Public Works Loan Board will not have arrived until 2½ per cent. Consols are in the neighbourhood of par? The present price is about 85 per cent.

Mr. Rattenbury referred to the Second Report of the Committee on the Standardisation and Simplification of the Requirements of Local Authorities published in May, 1935, relating to bulk purchases and co-ordination of requirements, and he expressed the view that so far as could be seen there was likely to be a continuous addition to the work of local authorities, with a consequential increase in expenditure. That being so, it was incumbent on every local authority to satisfy itself that its purchasing methods were sound. This satisfaction could not be obtained by a mere casual examination of the question. The inquiry must of necessity take a long time, but the results secured by several of the larger authorities to which reference was made in the Committee's Second Report should compel similar action by others.

Mr. Rattenbury dealt at some length with the direction of future development by local authorities and with difficulties resulting from existing local government areas. He was of the opinion that certain services, for example Elementary Education, should be administered over larger areas and that there was a need for Fire Brigade services to be co-ordinated under wider control where warranted by density of population; also that separate police forces were anachronistic, and in these days of rapid communication, a national service was necessary. Experi-



ence had shown him that in areas of dense populations, sewage disposal schemes should be planned on a large scale without reference to local government divisions so much as to watersheds, thus reducing the numbers of small works and in the long run effecting an economy in cost. Other matters referred to in the Presidential Address included the revision of the Block Grant payable to local authorities; Assessments for Rating, and matters arising out of the administration of public assistance and the scheme of the Middlesex County Council Act, 1934, for the granting of relief and the assessment of patients and liable relatives.

#### ANNUAL DINNER.

The annual dinner of the Institute took place on Wednesday evening, June 17th, at the Winter Gardens, there being a large gathering present, including the Lord Mayor of Leicester and the Mayors of Blackpool, Barnes, Halifax, West Ham, Winchester, Ilkeston, Smethwick, Preston, Peterborough, Acton, Carlisle, Stretford, Lowestoft, Oxford, Scarborough, West Bromwich, and the Deputy Mayors of Blackpool, Barking, Halifax, Fleetwood and Stourbridge. Also the Sheriff of York and others, including Mr. R. N. Carter, President of the Institute of Chartered Accountants; Sir George Etherton, O.B.E., President, Society of Clerks of the Peace of Counties and of Clerks of County Councils; Mr. Carl H. Chatters, Executive Director, Municipal Finance Officers' Association of U.S.A. and Canada; Mr. Clifford W. Ham, Executive Director, American Municipal Association; Mr. Evan Hughes, C.B.E., Secretary, National Savings Committee; Mr. W. T. K. Searjeant, President, Incorporated Association of Rating and Valuation Officers; and Mr. J. Stewart Seggie, F.S.A.A., Chief Accountant, Department of Health for Scotland.

Mr. J. Stewart Seggie, F.S.A.A., proposed the toast of "The Institute of Municipal Treasurers and Accountants," which was responded to by the President; "The Guests," was proposed by the Vice-President, Mr. Sidney Larkin, F.S.A.A., City Treasurer, Coventry, and responded to by the Mayor of Blackpool (Alderman Walter Newman, J.P.), and Sir George Etherton, O.B.E.

On Thursday, June 18th, the morning session was devoted to a paper by Councillor Joseph Monkhouse, F.C.W.A., the subject being "The Co-ordination and Measurement of Municipal Costs." A plea was made for the establishment of a National Co-ordinating Committee to be set up, consisting of non-technical members of local authorities, together with representatives of accountants and engineers, to deal with Municipal Costing, whose duty it would be to devise uniform cost forms for each type of department, sub-department or service, these to cover all branches of activity in every municipality in the country from the largest to the smallest. The system evolved, he said, would need to be capable of being understood by the layman as well as the expert. Mr. Monkhouse then dealt with the practical side of co-ordination, including the units of cost, the calculation of standards of efficiency, the relationship which would exist between departments of a local authority under a co-ordinated scheme of costing and the relationship of the whole plan to budgetary control. Everything possible should be done to improve the administration of local government, and he believed that modernised municipal costing would help substantially towards this improvement. The paper evoked a spirited discussion and the subject was referred to the Council for further consideration.

The afternoon session was devoted to a paper by The Right Honourable Reginald McKenna, the subject being

"Local Authorities and the Money Market." The paper is published in another part of this issue. The marked attention with which the Lecturer was received clearly showed the deep interest taken in the subject. Mr. McKenna expressed the view that there is strong reason to hope that 1936 will not prove the peak of the upward movement in trade. Our own internal power of recovery is by no means exhausted. The prospect of reaching full employment—which can probably be regarded as attained if the figures of unemployment are reduced to something under a million—is favourable under the influence of cheap money. The ground on which recovery had been built, said Mr. McKenna, was much firmer to-day than in 1929, and the speculative element in the business situation which seven years ago gave cause for anxiety was confined, so far as it existed at all, within narrow limits. Now that we had departed from the gold standard the monetary authorities were at liberty to give first place to the requirements of business, and all that they had to do if those requirements continued to increase was to add further to the volume of money. There was nothing inherent in a scientifically-regulated money system as it now operated to warrant the suggestion that cheap money must come to an end so soon as trade recovery passed a given point.

The concluding session on Friday morning was devoted to a paper submitted by Mr. T. L. Poynton, on "Suggestions for Financial Provision in Future Legislation." The Lecturer dealt with many matters in which new or amending legislation was necessary, and he also referred to the necessity for a simplification of the existing Parliamentary procedure in connection with powers obtained by some authorities in Private Acts, which would be of advantage to other authorities, and he emphasised the necessity for such powers to be conferred on all local authorities desiring them without the cost and labour involved in promoting separate local Bills. This paper, which was of practical interest to delegates, evoked a useful discussion.

At the conclusion of the discussion, the Deputy Mayor, Mr. Councillor F. I. Nickson, and Mr. Alderman John Collins, J.P., attended to reply to the vote of thanks to the Corporation for the facilities afforded in connection with the Conference.

Mr. Sidney Larkin, F.S.A.A., City Treasurer, Coventry, was duly installed as the new President of the Institute, and this dignified yet pleasing ceremony terminated a most successful and useful Conference.

### Professional Appointment.

Mr. A. W. Parker, A.S.A.A., previously employed in the Borough Treasurer's Department, Eccles, has been appointed Deputy Borough Treasurer of Chorley.

#### CAUTION!

A person who represents himself as Thomas Hope has recently called upon Members stating that he has been sent by Mr. Garrett, the Secretary of the Society, to seek employment. The man represents that he is in very straitened circumstances, and appears to have obtained help from time to time. Members are advised that Thomas Hope is entirely unknown to Mr. Garrett, and that he has not been sent by him to see any Member.

## Some Notes on Bankruptcy Practice.

A LECTURE delivered to the Birmingham and District Society of Incorporated Accountants by

MR. R. KYNOCH CLARK, A.C.A.

Official Receiver in Bankruptcy, Birmingham.

MR. CLARK said: When asked to address your Society on some matter connected with bankruptcy, I was in doubt whether to speak on some particular aspect of bankruptcy only, or to choose a variety of points which are likely to be of practical interest to a trustee in bankruptcy. As you will see from the title of this address, I have taken the latter course, principally because it is likely to be of more interest to those of you who are actually in practice, and of more use to those who have yet to pass their examinations.

There are a great many important things in bankruptcy upon which it would be impossible for me to touch to-night. I have really felt some hesitation as to the subjects on which I could most usefully occupy your time, and in what I have to say I shall endeavour rather to emphasise outstanding points than to preserve any strict sequence of ideas. And, first, it seems very important to understand clearly what the powers of a trustee are, with and without the Committee of Inspection.

There is always technically a committee. If the creditors do not appoint one, the Board of Trade act as committee, generally through the Official Receiver.

### POWERS OF TRUSTEE.

The following, then, are the most important things which the trustee may do on his own responsibility:—

- (1) Sell property for ready money.
- (2) Receive all moneys.
- (3) Disclaim onerous property.
- (4) Admit or reject claims.

Without the sanction of the committee he may not do, amongst other things:—

- (1) Carry on a business.
- (2) Bring or defend an action.
- (3) Employ a solicitor or other agent.
- (4) Accept deferred payments for property sold.
- (5) Mortgage or pledge property.
- (6) Compromise debts owing to or by the bankrupt or any claims.

And it is most important that these conditions should be kept strictly in mind, because a trustee has, in due course, to apply for his release, and a complete review of his transactions then takes place at the instance of the Board of Trade. Any irregularity under these heads may result not only in the trustee being surcharged with any loss which has arisen, but may raise awkward questions between him and others, who may be prejudiced by his neglect. For example, a solicitor may have run up a bill of costs on the instructions of the trustee, without the trustee having had authority. This particular question would probably arise on the taxation of the costs. I only mention this to illustrate the kind of difficulty that may arise. In this connection it is essential that the trustee should get the necessary sanction, *before* the solicitor is employed, and that the actual scope of his employment is specifically stated—mere general instructions are not enough. Moreover, the omission to obtain due authority for the employment of solicitors cannot be treated as a formal defect, and the Board of Trade will not be able to give assistance in obtaining taxation of costs where a trustee has failed to obtain the necessary sanction.

I now propose to go more fully into some of the things a trustee may do on his own responsibility.

### SALE OF PROPERTY.

The trustee's first duty will, of course, be principally concerned in realising the debtor's assets. Most of this work will not usually present much difficulty and, as has been pointed out, the trustee can sell property for cash on his own responsibility. If there are any unusual circumstances attaching to any sale, either by reason of the extent of the sum involved or otherwise, the trustee would be advised to have the approval of his committee or sell only on expert advice. He should be careful to record full particulars of any such decision in the record book in case his action may be called into question. In selling property, particularly land or buildings, the trustee should take every possible step to ascertain whether there is any undisclosed charge upon it before accepting an offer to purchase. And where there is a charge, to ascertain definitely the total amount with interest owing in respect of it. It is not at all an uncommon experience for a debtor to fail to schedule in his statement of affairs a charge on certain assets, and it puts the trustee in an awkward position if he agrees to sell something which, in effect, is not what the purchaser intended to buy. He should always obtain a professional valuation before selling land and buildings, and even when a property is fully charged, it is better to sell his interest in it, even for only a small sum, if one is offered, so that he or his successor in office will not be troubled with the matter in the future. Where assets are held under a hire purchase agreement, under which substantial sums have been paid, but the unpaid balance only approximates the saleable value of the asset concerned, hiring owners of repute will frequently allow a substantial reduction in the unpaid balance to avoid the expense incidental to a removal of the goods. It is impossible, within the limits of this paper, to refer to all the varieties of assets with which a trustee may be called upon to deal, and special difficulties attaching to them, but if he adheres strictly to common sense, safety first principles, sells only for cash or to persons of unquestioned standing, and sells, when necessary, on expert advice or with his committee's concurrence, then he can be satisfied he has done his duty by the creditors and at the same time avoided any personal liability or awkward questions on his administration arising in the future.

### DISCLAIMERS.

Among the duties for which a trustee is personally responsible is that of disclaimer, and this entails serious possibilities for him, because the effect of not disclaiming may be that he may be held to have adopted personally some onerous obligation.

The question of disclaiming arises in the words of the Act, wherever "any part of the property consists of land of any tenure burdened with onerous covenants, of shares or stock in companies, of unprofitable contracts, or of any other property that is unsaleable or not readily saleable by reason of its binding the possessor thereof to the performance of any onerous act, or to the payment of any sum of money."

This comprises leases or other agreements for tenancy where rent will become due in future; shares with an uncalled liability, particularly if the trustee has placed his name on the register; unfinished contracts to perform work; or contracts to purchase land or other property on which there are further payments to be made. Sometimes there are doubts as to whether disclaimer is necessary. In such cases it is doubtless best to disclaim.

Disclaimer does not necessarily affect the rights of

other parties *inter se*, but these may have to be adjusted by the Court.

It should be remembered that before a trustee can obtain his release he must satisfy the Board of Trade that he has duly disclaimed or otherwise disposed of all onerous property vesting in him as trustee. Any neglect in this respect will be a bar to the issue of his release.

When a landlord is prepared to accept possession of premises held under a tenancy agreement without disclaimer, there will be no necessity for the trustee to disclaim.

No disclaimer is necessary of mortgaged freehold property, provided the mortgage does not contain an attornment clause, but the trustee should disclaim or otherwise relieve himself of responsibility if the debtor as mortgagor has attorned tenant to the mortgagee.

Leases held by the debtor in trust for another person will, in some circumstances, vest in the trustee in bankruptcy, and it is advisable to disclaim in the case of all "trust leases" held by the debtor as original lessee; and in the case of those held as assignee, when a breach of the covenants is in continuance at the time of the bankruptcy.

A trustee must disclaim within twelve months after his appointment or within twelve months of his having become aware of the property if he does not get his knowledge within one month of his appointment. In the case of leases, leave of the Court is necessary unless the property has not been sublet or mortgaged, and (1) the rental is less than £20, or (2) the estate is a summary one—that is, under £300—or (3) notice of intention to disclaim has been given to the lessor, and he does not give notice within seven days of his wish to have the matter brought before the Court.

If the premises have been sublet or there is a mortgage on the lease, leave of the Court is necessary unless notice of the intention to disclaim has been served on the lessor, the sub-tenant or mortgagee, and they do not give notice within fourteen days requiring the matter to be brought before the Court.

It is generally a simple proceeding to disclaim, and there are printed forms to meet all the usual circumstances, and the operation of disclaimer has this effect: it draws an absolute line. From its date a contract is definitely broken, a trustee is, in the terms of sect. 54 (2), discharged of all personal liability in reference to it as from the date when the property vested in him, and persons injured are thrown on the estate for their remedy, in respect of any damage sustained.

The amount of loss sustained by the operation of disclaimer can generally be assessed by agreement between the lessor and trustee so as to enable the latter to admit a proof for such loss to rank against the estate for dividend, without having recourse to a Court or to a jury. Proof in respect of any such loss can be made under sect. 54 (8) whether the lease be disclaimed with or without the leave of the Court. In the case of shares not fully paid which the trustee cannot sell and subsequently disclaims, he can admit a proof for the unpaid calls and an estimated amount in respect of the contingent liability for uncalled capital less the amount of the value of anything accruing to the company by reason of disclaimer.

Parties may give the trustee notice to elect to disclaim within 28 days, but the trustee may get an extension of this time; non-disclaimer is deemed under this provision to be adoption of the contract by the trustee.

It has sometimes been found that mortgagees and others, upon being served with notice of intended disclaimer by the trustee have required the matter to be brought before the Court for no other purpose than that

of obtaining a vesting order under sect. 54 (6) of the Act, an order which they can readily obtain by an independent application after a disclaimer has been effected, without entailing any expense upon the trustee. It is usually the practice of the Court not to grant vesting orders under cover of the trustee's application to disclaim, and further, to grant costs against parties requiring questions of disclaimer to be brought before the Court without adequate cause. A trustee should therefore notify any lessor or mortgagee who requires him to obtain the leave of the Court to disclaim, that he will ask the Court to order such lessor or mortgagee to pay the costs of the application unless adequate grounds can be shown for it.

In farming cases, it should be remembered that by disclaimer a trustee loses his right to growing crops and tenant right.

It has been held that the Court cannot impose terms upon a trustee where he is empowered to disclaim without the leave of the Court. Otherwise the Court has power to rescind contracts or to make vesting orders, and to prescribe such conditions by way of compensation, rent, &c., as shall adjust matters equitably between the parties affected by disclaimer.

#### ADMISSION OR REJECTION OF CLAIMS

One of the most important duties of a trustee is the admission or rejection of claims proved in bankruptcy. It can be readily realised that the effect of a good realisation may to some extent be nullified, if insufficient care has been given to the claims on which the proceeds are to be distributed. In the first place, the non-official trustee must on the first day of every month send to the registrar a certified list of all proofs he has received during the preceding month, distinguishing thereon the proofs admitted, rejected, or standing over for further consideration; and the proofs admitted or rejected must themselves be forwarded. In this general case proofs should be admitted, rejected, or further evidence called for within twenty-eight days of their being received. When a dividend is declared, the period for a non-official trustee is reduced to seven days from the last day for receiving proofs. In regard to proofs held over for further consideration, a trustee should endeavour to deal with such proofs with all reasonable despatch, otherwise he may find that, although he has realised all the assets, he cannot declare a dividend because lengthy investigations are still necessary over a single claim of which he may have had notice for some considerable time.

As to what are provable debts, broadly speaking, creditors (with certain exceptions) can prove in the course of the bankruptcy for any claims, certain or contingent, liquidated or unliquidated, arising on an obligation incurred before the receiving order.

Amongst the debts not provable are the following:—

- (1) Claims for unliquidated damages founded on tort, such as a claim for damages for misrepresentation; but if judgment had been signed before the receiving order, even this kind of claim would be provable;
- (2) Liabilities contracted with knowledge by the creditor of an act of bankruptcy;
- (3) Claims for costs in an action, in the general case, unless supported by a judgment obtained before the receiving order;
- (4) Debts where the consideration is illegal; and
- (5) Gambling debts.

There are also some claims not provable, or at least the right to prove in some cases is doubtful—in respect of which the bankrupt remains liable notwithstanding his bankruptcy. These are claims for alimony, claims under judgments in seduction, affiliation, and matrimonial cases where the bankrupt is co-respondent, and certain claims by the Crown, or arising out of fraud.



It should be remembered a trustee has the right to go behind a judgment even if it be a judgment affirmed on appeal or obtained with a debtor's consent. Cases in which the right to go behind a judgment may require to be exercised are those when judgment has been obtained by mistake, fraud, mis-carriage of justice, or by a compromise that is foolish, absurd or improper; also where there is evidence of no consideration for the debt.

Care should be taken not to admit debts barred by the Statute of Limitations, that is, any debt incurred more than six years before the receiving order. In practice, such debts are generally for money lent. The fact that a debtor admits the debt is immaterial. A trustee will usually find that strenuous efforts are made by the lender to prove that the debt has been kept alive in some way, such as by the payment of interest, but in this respect the trustee should satisfy himself there has been genuine payment of interest that can be unquestionably identified with the debt in question. Lack of evidence, for example, in books of account or in the lender's income tax returns, will sometimes yield sufficient ground to reject the claim on this score.

There are some creditors whose debts are postponed until the other creditors are paid in full. Such debts include:—

- (1) Money lent by a wife to her husband after marriage for the purpose of his business;
- (2) Money lent by a husband to his bankrupt wife for the purpose of her business;
- (3) Money lent on a written contract, if the interest is dependent on the profits; and
- (4) Those in respect of an annuity payable out of profits in consideration of goodwill sold.

In these four cases the debts are postponed until the other creditors are paid in full. Trustees should remember to mark such proofs as "postponed," and not "rejected," in order to obviate an application to the Court where a proof has been "rejected," and then assets subsequently come to hand to meet it.

In regard to claims including interest, apart from money-lending transactions, claims for interest are limited to 5 per cent. unless there is a surplus after paying 20s. in the £ to the creditors.

Interest only runs to the date of the receiving order, but these principles do not apply to creditors holding security. I might here mention that one of the greatest troubles in connection with moneylenders' proofs has been removed by the Moneylenders Act 1927, and Bankruptcy Rule 252A, which requires a moneylender to attach to his proof a detailed statement showing the calculation as between principal and interest, which hitherto a trustee has been called upon to make.

In suretyship questions the general principle is that a surety cannot receive anything until the creditor has been paid 20s. in the £. A surety for the debtor has no right of proof until he has paid the debt. The right of proof is in the creditor, but the surety is entitled to relief in respect of dividends received. When the bankrupt has been guarantor for another and has not paid the debt, the creditor can prove for what is owing from the estate of the principal debtor. No claim by the guarantor against the principal debtor arises while the creditor is unpaid.

Among the things I mentioned which a trustee may not do without the sanction of the Committee were to carry on a business and to bring or defend an action.

#### CARRYING ON THE BUSINESS.

Among the things I have mentioned a trustee may not do without the sanction of the Committee is to carry on the business of the debtor. Before he does so he should in any case be satisfied that there is some material

advantage to be gained by so doing commensurate with the risks and possible losses involved. Creditors often press for a business to be continued without having due regard to the facts. In particular, it will be found in most cases advisable to close the business, remembering that a business which has led to insolvency is not likely to command a premium in the market, especially as the sale of a goodwill would not prevent an opposition business being started by the debtor's nominees. Needless to say, the trustee should be careful as far as possible he does not become personally liable for any expenses or debts incurred, but he should remember he will be held personally liable for rent, rates, gas, electricity, water, &c., incurred during the period of trading.

A trustee who carries on a business must be very careful in his method of account. What would satisfy himself or a local auditor easily able to ascertain the facts will not necessarily satisfy the Board of Trade in London. A strict receipt should be obtained and kept, for the gross amount of all payments, however small.

Any informal settlement by way of set off or otherwise, however proper in its effect, should be avoided, or it may involve the trustee in unnecessary trouble and even personal liability in the future. He must obtain individual receipts, with the periods involved, for the gross amount of all wages paid, and show in detail on the payment side the employer's proportion of the National Assurance payable. He must take particular care to cover himself at once under the Workmen's Compensation Acts.

#### BRINGING OR DEFENDING ACTIONS.

It may be easy to obtain the necessary sanction of the Committee to commence legal proceedings, but the wise trustee will think well and count the cost before he explores such treacherous ground. In insolvent estates there is a limit to the assets available for costs, and this fact at once imposes restrictions which may seriously hamper the possibility of a successful issue. Above all, first and foremost, a trustee should satisfy himself as far as possible that the fruits of his action, if he be successful, will be there to pluck, and that they will not have withered or have been taken before he arrives. They say a man is known by the company he keeps—so it is with debtors. An unsatisfactory debtor seems often to have transactions with persons of a similar mould, and proceedings against this type so often prove unfruitful, and the trustee is left to explain to the creditors as best he can the reason for a very large bill of costs and a very poor result.

#### FURTHER POWERS OF TRUSTEE.

Before leaving this section of my paper dealing with a trustee's rights and duties, I will mention a few further matters of general interest to the trustee:—

- (1) He may call upon the bankrupt for information whenever necessary and may take part in his public examination.
- (2) He may apply for warrants for search and seizure, if property is thought to have been concealed.
- (3) He may examine under sect. 25 of the Bankruptcy Act 1914 any person who can give information about the bankrupt or his estate, and this right of examination is always construed very widely by the Court.
- (4) He may call upon creditors for any information about their claims.
- (5) He may apply to the Court for directions on matters of special difficulty.
- (6) He may take steps for the prosecution of the bankrupt.

#### STATEMENTS OF AFFAIRS.

Accountants are frequently asked to prepare a statement of affairs of a trader who has got into difficulties,

with a view to presentation at a meeting of creditors. likely as not, he has not kept proper books of account. As a rule such a statement is required on short notice, which does not admit of the books, such as they are, being written up. In such circumstances, the figures must usually be only approximate ones. I need not go into the steps necessary to prepare such a statement, but in the light of experience of having to investigate such cases as later come into bankruptcy, I would draw your attention to some points I regard as of importance. I have rarely known such a statement which did not make out the debtor's position to be better than it really was, and this suggests that optimism, either on the part of the accountant or of the debtor, must be tempered by an honest desire to avoid misleading the creditors. Items on the asset side particularly which call for comment in this respect include freehold or leasehold property, stock, book debts, and goods on hire purchase. The debtor will perhaps produce a valuation of the property prepared for his bankers or otherwise. Such a valuation should be accepted with the greatest reserve for the purpose of a statement, and inquiry may show that all efforts on the part of the debtor to sell the property at a figure substantially less than the valuation have not produced any offers at all. This particularly applies to building cases. The valuation put upon his stock and fittings by a debtor in difficulties is invariably over-estimated. Here again, in building cases, plant and materials may be the subject of a forfeiture clause for failure to complete a contract. In regard to hire-purchase goods, the occasions on which in practice there is found to be an interest of any value for the estate are so rare that the accountant should thoroughly satisfy himself that the market value of the goods in question exceeds the instalments due before placing any value on the interest. The book debts should be examined to see if there are any particularly large items of doubtful realisable value, and the debtor should be closely questioned as to the results of his efforts to get them in bearing in mind the general principle that a trader in difficulties has probably, for some time, been endeavouring to realise the most liquid of his assets. Items on the liability side call for little comment, except that care should be taken that none, contingent or otherwise, are omitted, particularly any private liabilities, such as loans from relatives or moneylenders.

These few remarks apply equally to the preparation of a statement of affairs in bankruptcy, which as you are aware must be prepared on certain statutory forms. There are one or two matters in the preparation of these forms which generally create a little difficulty to anyone unaccustomed to their use. A creditor with whom the bankrupt has had a contra account must not be shown both on the list of creditors and on the list of book debtors, but must be shown only as a claim or as a book debt for the resultant balance, whichever it may be. A guarantor of the debtor's banking account should be shown as a contingent liability not expected to rank for dividend, because the debt will already have appeared amongst the unsecured, secured, or partly secured claims. Needless to say, collateral security held by a creditor, not being the debtor's property, should not for accounting purposes appear in the statement against the debt, but merely as a note for record purposes. Hiring owners of goods on hire purchase should not be shown as secured creditors for the total of the instalments due under the agreement, with the value of the goods shown against it, because the goods are not the property of the debtor. If there is any interest for the estate in the transaction, the estimated value of such interest should appear on the property sheet. If the amount owing to the hiring owner

exceeds the value of the goods in question, then if there are arrears of instalments actually due at the date of the receiving order, such arrears should be shown as an unsecured debt; otherwise no reference to the transaction is necessary. When filling in the column headed "consideration" it is essential that the actual nature of the consideration be stated and not merely "goods." This is important, because a debt might have created an asset which does not appear as such elsewhere in the statement, and may be the subject of a claim by third parties.

As you are aware, the list of book debt is divided into columns headed "good," "doubtful," "bad," and "estimated to produce." The point to note here is that if the debt is wholly good it should not appear at all in the estimated to produce column. I have seen statements on which a large amount of unnecessary labour has been expended by putting in the debts a second time, because if the debt is good it is not expected to produce less than the whole amount. In the column for bad debts should be entered debts which are expected to produce nothing. All other debts should be put in the "doubtful" column, and where such debts are very numerous much time can be saved in estimating the amount they are likely to produce merely in total, except in respect of any particularly big sums.

And now we come to the portion of the bankruptcy statement of affairs which calls for the greatest care on the part of the accountant—I refer to the deficiency account. It is in this account that the creditors expect to find, in a simple form, some reasonable explanation, so far as figures are concerned, of the debtor's existing deficiency. The period of the account will be fixed by the Official Receiver, but it will usually be for twelve months prior to the date of the receiving order; or commence on such other convenient date, having regard to any particular accounting period for the debtor's business or particular event or circumstances of the debtor's trading, such as the retirement of a former partner or the acquisition of a new business.

If the debtor has had a balance sheet prepared within a reasonable period of his bankruptcy, then the deficiency account should commence with the deficit or surplus shown by such balance sheet after adjustments have been made in respect of assets over-valued, or assets or liabilities omitted. This is important because otherwise a proper explanation of how his deficiency at the time of his bankruptcy has been arrived at over the period covered by the account, is not forthcoming. If there is no balance sheet available, then the debtor's opening deficiency or surplus must be estimated on facts supplied by the debtor.

Having arrived at the amount of the debtor's opening surplus or deficiency at the commencement of the period covered by the account, the items which follow, whether gains or losses, should bring out the deficiency existing at the time of the bankruptcy. As the great majority of debtors have not kept proper books of account up to the time they ceased to trade, such items will generally have to be estimated from such material as is available.

Time will not permit of my going into detail in regard to items in the account that sometimes create a little difficulty even to a professional accountant with a knowledge of the principles involved. I will, however, just mention two points which occasionally get overlooked. First, the necessity to give credit for any appreciation in the bankruptcy valuation of an asset as against the opening balance valuation; and secondly, that no expenditure that has created an equivalent asset or proportionately reduced a liability should appear as a loss or otherwise in the deficiency account.



## ACCOUNTANT'S CLAIM FOR CHARGES.

Mr. Wallace Cash (practising as Wallace Cash & Co.), Chartered Accountant, 164, Aldersgate Street, London, E.C.1, was successful in an action brought by him against Mrs. Florence Jane Harvey, 86, Richmond Hill Court, Richmond, to recover the sum of £23 10s. for professional services rendered—made up as to £8 16s. (£16 16s., less £8 paid on account), balance due in respect of income tax matters covering the last five years, and £14 14s. in connection with the preparation of statements of account in regard to transactions between the defendant's late husband and a person who had been advanced various amounts over a period of years which it was sought to recover.

The defence was that so far as the tax matters were concerned plaintiff had not completed the work, and in the second matter the defendant suggested that she asked plaintiff at the outset what the cost was likely to be, and he said that he could not give her any idea, but that it would not be much.

Mr. Cash said that he took over this work upon recommendation of another client, and was given to understand that defendant was not satisfied with a previous accountant, who said he was too busy to do it. Witness had to render returns and make repayment claims in connection with a number of properties, and had to deal with several Inspectors of Taxes. In reply to a series of questions by the Judge, Mr. Cash gave precise details of the number of hours spent on the work by himself, his managing clerk and a typist, and allocated separate figures in respect of each in accordance with the time-sheets. Witness also indicated the exact nature of the work involved in the second matter and said that he had prepared two separate schedules and reports, the effect of which was to show that there would be something over £3,000 due to defendant in one instance and about £2,300 in the other. Witness also produced his file of papers and correspondence to indicate the volume of work, and he stated that he made round-figure charges in both cases which were somewhat less than the appropriate Institute scale. He could not complete the tax matter because in spite of repeated requests defendant had failed to supply him with necessary information.

As the defendant appeared in person, the Judge intimated to her that she had the right to cross-examine Mr. Cash, but she said her only complaint was that she asked on what scale he charged for such work and he said, "Well, it won't be much." Asked to state his view as to what was said, Mr. Cash replied that so far as he could recollect he said that the charge would be on a time basis and that the fees would depend upon the amount of time occupied. The Judge then inquired of defendant if she agreed with that and she replied, "I agree with what Mr. Cash said, but I didn't think it would work out so much."

Defendant informed the Judge that she had had a lot of trouble over various papers having got lost between the different tax offices, and they still had these, and so she could not supply Mr. Cash with the papers he should have had. She said that with regard to the second matter she had been advised that the money comprised in the schedules was irrecoverable under the Statute of Limitations.

The Judge said that there really was not any serious defence to the case. No doubt the fees came to more than defendant had supposed they would, but when people employed skilled professional men who had had an expensive education they must expect to pay the proper fees—whether it was a solicitor or an accountant.

His Lordship was perfectly satisfied with the basis of the charges, and there must be judgment for the amount claimed, with costs.

## Reviews.

**Hospital Accounts and Financial Administration.** Second Edition. By Captain J. E. Stone, F.S.A.A. London: Faber & Faber, Ltd. (280 pp. Price 21s. net.)

This is a comprehensive work on Hospital Accounts dealing with every aspect of the subject. Captain Stone is entitled to speak with authority in view of his experience of hospital administration. He is secretary of the Birmingham Hospitals Centre and was president of the Accounting and Finance Section of the International Hospital Association Commission in 1931. The book is divided into three parts: (1) Financial Accounts; (2) Departmental and Cost Accounts; and (3) Statistics and Financial Control. Every phase of hospital finance is brought under review and the new edition has been completely revised, setting out an accounting system on the Organisation Unit basis recommended by the International Hospital Association. The book contains a specimen form for every kind of financial and statistical transaction of a hospital. The system is flexible and can be applied to any hospital whatever its size.

**Key to Income Tax and Sur-Tax.** Published by Taxation Publishing Company, Ltd., First Avenue House, London, W.C.1. (160 pp. Price 3s. 6d. net.)

This publication gives in condensed form a mass of useful information in relation to Income Tax and Sur-Tax matters. The main divisions of the subject such as rates and allowances, returns and assessments, employments and offices, interest and dividends, &c., are readily accessible by means of a thumb index and each division has a separate index for itself on its first page. Reference to any particular point can thus be made with great ease. The information is of a condensed character and is presented in a form which is easily understood. At the end of the book are tables showing the working out of rates of tax at both 1s. 7d. and 4s. 9d., and also a grossing-up table whereby the gross assessment can be readily ascertained when the net assessment is known.

**Cost Accounting and Costing Methods.** Third Edition. By H. J. Wheldon, F.C.W.A. London: MacDonald & Evans, 8, John Street, Bedford Row, W.C.1. (464 pp. Price 10s. 6d. net.)

The author of this book has presented a great mass of information with regard to cost accounting dealing with the subject in its many aspects, but like numerous other books on Costing it is of a fragmentary character and does not give any complete set of accounts showing the working out of the system from beginning to end. At the same time anyone desiring information on a particular point can hardly fail to find it here. Numerous forms and diagrams are supplied in illustration of the text.

**Use of Sinking Funds, &c., for Capital Purposes.** By Ernest Long, A.S.A.A., F.I.M.T.A., and Eric Maxwell, A.S.A.A. London: The Institute of Public Administration, Palace Chambers, Bridge Street, S.W.1. (66 pp. Price 1s. 6d. net.)

Commencing with a historical review of the law and practice relating to the internal use of the funds of Local Authorities the authors proceed to explain the present use for capital purposes of the funds of these authorities, dealing with sinking funds, superannuation, insurance, reserve and other funds, with observations on the terms and conditions of internal investment and the special considerations relating thereto. A separate section is devoted to the case of the London County Council, and a final section gives the general conclusions of the authors.



## Claims under Schedule A. (Northern Ireland.)

A Paper read to the Incorporated Accountants' Belfast and District Society by

MR. H. McMILLAN, A.S.A.A.

The subject of claims under Schedule A has been brought prominently before our notice recently owing to the re-valuation of property in Northern Ireland.

### CLAIMS FOR REPAIRS ALLOWANCE.

The repairs allowance under Schedule A is:—

Houses under £40=1/4th.

£40 to £50=£10.

£50 to £100=1/5th.

Over £100=£20 plus (1/6th of excess over £100).

This allowance is not given if the owner of the house lets it and the gross P.L.V. is less than the net rent (rent less rates) by a sum greater than the authorised repairs allowance which would be allowable if the assessment were on the amount of the rent.

On the old valuations, in practically every case, the net rent was considerably more than the valuation, and consequently very few claims arose in the case of rented property, but on the new valuations I would say that about 50 per cent. of rented houses come within the provisions of the claim.

In order to obviate the necessity of repayment claims the Income Tax Authorities are anxious to make this allowance from the 1936-37 assessments where an allowance is due, and for this purpose they have sent forms to all owners of property asking for particulars of the gross rent and rates where borne by the owner.

The forms sent out by the Income Tax Inspectors require the following particulars:—

Number and Street.

Assessment Number.

New P.L.V. (given on form).

Gross Rent.

How payable? (Weekly, &c.).

If Landlord or Tenant pays Rates.

Rates.

Net Annual Rent.

It is important to remember that the appropriate allowance of one-fourth or one-fifth is deducted from the net rent and not from the P.L.V., in order to ascertain if a claim arises. For instance, if the rent=£14, Rates £3 10s., net rent .. .. £10 10 0

Less one-fourth .. .. 2 12 6

£7 17 6

and the valuation is £8, the repairs allowance will be granted and the income tax assessment will be £6, i.e. £8— $\frac{1}{4}$  (£2) = £6.

It is difficult if any changes are taking place in the rent to complete these forms accurately, as the forms were sent out in 1935, and the rent to be returned should be the rent up to April 5th, 1936, but in any case the same information will be required for 1937-38, based on the rent and rates to April 5th, 1937, which, owing to the new valuations will, in many cases, be entirely different from the figures for the year to April 5th, 1936.

### SPECIAL PROVISIONS FOR NORTHERN IRELAND ONLY.

Sects. 186 to 206 of the 1918 Act contain the special provisions applicable to Northern Ireland only.

It should be noted that sect. 187 provides that the Poor Law Valuation is to be taken as annual value for purposes of Schedule A and B, and that Schedule A tax is charged on the landlord and not on the occupier, as is the case in England.

Appeals against Schedule A assessments on the valuation may be made to the Special Commissioners or to the Recorder, and if it is proved that the annual value exceeds the annual rent at which the property is worth to be let from year to year, the assessment will be reduced to the actual rent. Sect. 187 (4).

If the annual rent at which the property is worth to be let exceeds the actual rent, the landlord will be assessed on the actual rent and the tenant on the difference. Sect. 187 (5).

### REPAIRS CLAIM ON FIVE YEARS AVERAGE.

Further claims may arise owing to the fact that under Rule 8, No. V, Sch. A, if the actual cost of maintenance, repairs, insurance and management (on the average of five years) has exceeded the authorised repairs allowance, a claim may be made for the actual amount of the repairs (on the five years' average).

This is a claim that will arise in a great many cases, and, I believe, that almost every owner of a villa house is entitled to a considerable refund of tax under this rule.

The following particulars of a claim I made in respect of my own house may be of interest:—

Old Poor Law Valuation .. .. £28  
Repairs Allowance: one-fourth .. .. £7

	Actual Repairs on five years average.	Normal allowance.	Claim.
1931-32 ..	£19 0 0	£7 0 0	£12 0 0
1932-33 ..	18 0 0	7 0 0	11 0 0
1933-34 ..	22 0 0	7 0 0	15 0 0
1934-35 ..	25 0 0	7 0 0	18 0 0
1935-36 ..	26 0 0	7 0 0	19 0 0

It should be noted that where ground rent can be set off against other taxed income, full relief is granted up to the P.L.V. of house. In this case, repairs up to the full P.L.V. of £28 would be granted.

For the purpose of claims under this section, maintenance includes painting (inside and out), insurance and management.

The claimant has the option of taking either the date the repairs were contracted or the date of payment.

My repairs and painting were usually done in March and paid for after April 5th, and the Inspector wrote: "The year to which an item refers is the year in which the bill is paid. I have adjusted various items in the claim, putting each in to the correct year."

I objected to this, and in a further letter he said: "Though the usual basis of claim is the allocation of expenditure to the year in which the account is paid, it is admitted that the basis whereby the expenditure is allocated to the year in which it is incurred may be admitted, provided it is agreed to adopt this basis consistently for future claims."

The main difficulty in claims of this sort is obtaining the necessary receipts. For a six years' claim, i.e., 1930-31 to 1935-36, receipts for years ending April 5th, 1926, to April 5th, 1935, would be required.

There is a difficulty where a house changes ownership in obtaining particulars of repairs by previous owner, but if the five years' average is not obtainable, concessional relief is granted on the actual expenditure of each of the first five years, or alternatively, on the actual

expenditure for the first year and one-fifth of new owner's expenditure from the start for the remaining years until the five years' average is available.

#### BANK INTEREST CLAIMS.

Another allowance that can be claimed is one that I think is not generally known, and arises where a person assessed under Schedules A and D pays bank interest. The taxpayer can claim to have the bank interest set off against the Schedule A assessment instead of against the Schedule D assessment, and thus obtain an advantage equal to one-fifth of the interest so allowed.

As a rule, if there is only one bank account which is used for business purposes, the bank interest is treated as a business expense, and the earned income allowance is allowed on the net profit. If the bank interest is claimed under sect. 36 of the 1918 Act, and added back in the computations of the business profits, one-fifth of the interest escapes tax as compared with treating it in the normal manner. In some cases the Inspector will agree to apportion interest, say one-third to business and two-thirds to Schedule A, but it is a question of fact whether the interest is a business expense or arises out of the ownership of the property.

#### DEDUCTION OF TAX FROM GROUND RENTS.

The position regarding the deduction of income tax on payment of ground rent is somewhat involved, and there is a general impression that income tax can only be deducted from the ground rent where the payer of the ground rent has paid Schedule A tax, and that he can only deduct tax to the extent that he has been assessed to Schedule A. I do not think that this is correct, although I know it is the usual practice, as Schedule A No. VIII Rule 1 applies to tenant occupiers only, and Rule 4 is the only rule applicable to the deduction of income tax from ground rent.

Rule 4 reads: "Where any lands, tenements, &c., are subject to the payment of any annual sum, a landlord owner or proprietor who has been charged to tax under this schedule shall be entitled, on making such payment, to deduct and retain thereout so much of the said tax as represented the rate of income tax at the standard rate for the year in which the amount payable becomes due (1927 Act, sect. 39), and every person to whom such payment is made shall allow the deduction." The Act apparently does not allow the recipient of the rent any right to ask for the collector's receipt or any other evidence that Schedule A tax has been paid. Rule 4 also states that no such person who is also the *occupier* of the lands, tenements, &c., shall be entitled to deduct out of any rent any greater sum than the amount of tax charged in respect of any such property and actually paid by him. This rule does not apply to the owner of property unless he is also the occupier.

Rule 7 provides that an owner may deduct tax from ground rent up to a limit of tax on the gross annual value (before deducting repairs allowance).

Mr. Tolley, on page 75 of his Chart, states that "in the opinion of the Board, tax may be deducted from each periodical payment of ground rent, without regard to whether the tax charged on the property for the year has been paid or not."

The actual position (though not perhaps the legal position) appears to be that the payer of ground rent can deduct tax at the standard rate from payments of ground rent (as the recipient has not the right to ask for proof that the Schedule A tax has been paid on the property) and can deduct the tax irrespective of whether the Schedule A tax has been paid or not.

In a case where the ground rent is greater than the Schedule A assessment, and where tax has been deducted from the full amount of the ground rent, the Revenue authorities do not appear to have any power to demand tax on more than the annual value.

In a particular case where the ground rent was £55, and the annual value £45, the owner of the property was exempt and was entitled to a repayment of income tax, which he received, only the tax on £45 being retained, although he had deducted tax on the £5 ground rent paid by him.

Presumably, however, in a case of this sort, the recipient of the ground rent would only be treated as having received £45 of income taxed at source, and for sur tax purposes the payer of the ground rent can only claim the annual value (not the ground rent) as a charge on his income (see *Solomon v. Commissioners of Inland Revenue*, 1933).

In the case of newly built property it frequently happens that no tax is deducted from the first ground rent paid, as no Schedule A assessment has been raised, and apparently there is nothing in the Income Tax Acts to enable the recipient of untaxed ground rent to be assessed in respect of ground rents from which no tax has been deducted.

The whole position regarding the deduction of income tax from ground rent in cases where the annual value is less than the ground rent is very vague, and it is difficult to get any authoritative decision on this matter.

#### CLAIMS TO HAVE ANNUAL VALUE ALLOWED FOR SCHEDULE D WHERE PREMISES ARE NOT OWNED BY THE OCCUPIER.

There is only one other point regarding Schedule A that I wish to refer to, and that is that under Schedule D, Cases I and II, Rule 3c, either the rent or the net annual value of premises used for business purposes can be claimed as a deduction from the profits. It occasionally happens that the net annual value exceeds the rent charged in the accounts, and in this event the excess of the annual value over the rent can be deducted from the profits assessable under Schedule D. Owing to the increased valuations, it is probable that many more claims of this nature will arise.

### INCORPORATED ACCOUNTANTS' GOLFING SOCIETY.

#### Summer Meeting.

The Summer Meeting was held at Woodhall Spa on June 13th and 14th. No play was possible on the Saturday morning owing to torrential rain. The weather cleared in the afternoon and the programme, as advertised, was carried through.

The Medal Competition was won by Mr. E. Holstead, 107—24=83, the runner-up being Mr. G. F. Foulds, 103—19=84.

The Visitors' Prize was won by Mr. A. H. Perkins, 80—5=75, the runner-up being Mr. W. S. Douglas, 84—5=79.

The Four-ball Bogey Competition was won by Mr. L. C. Hawkins and Mr. B. Barnes with a score of 5 up.

The Medal Competition on June 14th was won by Sir Thomas Keens, 101—19=82, the runner-up being Mr. G. F. Foulds, 102—19=83.

The Visitors' Prize was again won by Mr. A. H. Perkins with a marvellous score of 75—5=70. The bogey for the course is 80.

The runner-up was Mr. W. S. Douglas, also with an excellent score of 80—5=75.

## The Society of Incorporated Accountants and Auditors.

### RESULTS OF EXAMINATIONS, MAY, 1936.

#### Passed in Final.

##### Order of Merit.

SIMPSON, HERBERT WILLIAM, Clerk to L. B. Smith (Smith & Hayward), 1, Piccadilly, Bradford. (*First Certificate of Merit.*)

COORLAND, LAZARUS, Clerk to J. Godfrey Bennett (Bennett & Grainger), Portland House, 73, Basinghall Street, London, E.C.2. (*Second Certificate of Merit.*)

RUSHFORTH, WILLIAM EDWARD, Clerk to C. J. Twist (Latham & Taylor), Martins Bank Chambers, Market Place, Wigan. (*Third Certificate of Merit.*)

##### Alphabetical Order.

ALLEN, JAMES ATKINSON, Clerk to Arthur H. Hughes (Hughes & Allen), 36-37, King Street, Cheapside, London, E.C.2.

ANDREW, ERNEST SYDNEY, Chief Accounting Officer's Department, Town Hall, Paignton.

ANDREWS, SIDNEY RICHARD GEORGE, Clerk to Mannington & Hubbard, 41, Havelock Road, Hastings.

ARMSON, GEORGE FREDERICK HUBERT, Clerk to Reginald A. Powdrill, 13, Halford Street, Leicester.

ATKINSON, GEORGE ARTHUR, Clerk to A. I. C. Forster & Stott, 32, Parliament Street, York.

AYRTON, JAMES DOUGLAS, Clerk to Sutcliffe & Rhodes, Fountain Chambers, Fountain Street, Halifax.

BAINES, WILLIAM FRANCIS, Clerk to Frederick Adams (Slipper & Co.), Bridgeway House, Hammersmith Bridge Road, London, W.6.

BAMFORD, HERBERT VIVIAN, Clerk to W. Pearson (J. Pearson & Son), 5, Godwin Street, Bradford.

BANKS, CHARLES ROBERT, Clerk to Merrett, Son & Street, 32, Finsbury Square, London, E.C.2.

BARTON, FRANCIS HENRY, Clerk to E. W. Johnson (Holmes & Turner), Arcade Chambers, Wigan.

BEDFORD, THOMAS, Clerk to Blackburns, Coates & Co., 2, East Parade, Leeds.

BEESEY, BERTRAM, Clerk to C. E. B. Griffin, Corporation Buildings, Corporation Street, St. Helens.

BELLCHAMBERS, JACK KENNETH, Clerk to Francis F. King & Son, 47, Great Russell Street, London, W.C.1.

BENDALL, DENIS GEORGE, Clerk to P. J. Goodchild (Goodchild & Harrison), Finsbury Court, Finsbury Pavement, London, E.C.2.

BENNETT, WALTER DAWSON, Clerk to Donald H. Bates & Co., 10, Cheapside, Hanley, Stoke-on-Trent.

BOOTH, ROBERT GORDON BEALAND, Clerk to T. G. N. Hollings (Hollings, Crowe, Storr & Co.), 39, Park Square, Leeds.

BOTHWELL, ALEXANDER MARKHAM, Clerk to Allen & Baldry & Holmans, Bilbao House, 36, New Broad Street, London, E.C.2.

BOUSFIELD, HARRY, Clerk to Lee & Greaves, Palmerston Buildings, 5, Manor Row, Bradford.

BRADLEY, GEORGE THOMAS NORMAN, Clerk to Armitage & Norton, Station Street Buildings, Huddersfield.

BRISTOW, ROY, Clerk to Cook, Humphrey & Co., 137, Terminus Road, Eastbourne.

BROAD, HORACE WILFRID, Clerk to Wilfred P. James, 9, Princess Square, Plymouth.

BROADLEY, JACK, Clerk to C. Yates Lloyd & Co., 2, Cooper Street, Manchester.

BUCKLE, BERNARD JOHN CHARLES, Clerk to Harold J. E. Batchelor (Spain Brothers, Batchelor & Co.), 5, High Street, Southampton.

BURTON, JOHN VERNON, Clerk to L. V. Trotman, 6, King Street, Frome, Somerset.

CARROLL, RICHARD VALENTINE, Clerk to W. A. Deevy & Co., 29, Barronstrand Street, Waterford.

CASSY, JOHN, formerly Clerk to J. G. Hopkins & Co., Royal Exchange, Middlesbrough.

CHADWICK, WILLIAM HUGH, Clerk to Carl I. Lentell, Kingsway, Fore Street, Seaton, Devon.

CHAUVEAU, ROBERT WILLIAM, Clerk to F. Whalley & Co., Pekin Buildings, 21, Harrington Street, Liverpool, 2.

CHOUDHURY, NARESH CHANDRA, B.Sc., formerly Clerk to S. K. Day & Co., 1, Ray Street, Elgin Road, Calcutta.

COSSERAT, LEWIS WILFORD PELOQUIN, Clerk to Joseph Stephenson (Stephenson, Smart & Co.), Broadway, St. Ives.

DAVIES, DAVID JAMES, Borough Treasurer's Office, Town Hall, Ilford.

DAVIS, HOWARD CHARLES THOMAS, Clerk to W. J. Landray, 9, High Street, Midsomer Norton, near Bath.

DAVIS, KENNETH SPARK GLENNIE, Clerk to Everett, Morgan & Grundy, Bush Lane House, Cannon Street, E.C.4.

DAVY, HERBERT ORMOND RENSHAW, Clerk to Whinney, Smith & Whinney, 4b, Fredericks Place, Old Jewry, London, E.C.2.

DE LONGA, FRANK, Clerk to W. Anderson & Co., Princes Buildings, 81, Dale Street, Liverpool, 2.

DRIVER, EDWARD, Clerk to James Burgess, Bridge Chambers, 16, Market Place, Stockport.

DUNKERLEY, JAMES ERIC BRIGGS, Clerk to Jones, Crewdson & Youatt, 7, Norfolk Street, Manchester, 2.

ELWOOD, DOUGLAS STANLEY, Clerk to Harrison, Smith & Haughton, 6a, North Parade, Bath.

ENGLISH, THOMAS, Audit Office, Co-operative Wholesale Society, Ltd., 84, Westmorland Road, Newcastle-upon-Tyne.

FEAKINS, ROWLAND JOHN, Clerk to Arthur M. Hobbs & Co., 64, Great Portland Street, Oxford Street, London, W.1.

FISHER, HAROLD CHARLES, Clerk to M. Benjamin (Woodington, Bubb & Co.), 64, West Smithfield, London, E.C.1.

FOX, BARBARA, Clerk to Ethel Watts (E. Watts & Co.), 13-14, Dartmouth Street, London, S.W.1.

FRENCH, FRANK WESTMORE, Clerk to W. L. Tuck (Trevor Davies, Tuck & Co.), 160, High Street, Camden Town, London, N.W.1.

FRENCH, HAROLD GAINSFORD, Clerk to N. Keith Silver (Cassleton Elliott & Co.), 4-6, Throgmorton Avenue, London, E.C.2.

GARDINER, ALBERT BEN, Clerk to H. Lomax (H. Lomax & Co.), 83, Bridge Street, Manchester.

GARE, BERNARD FRANK, Clerk to T. Harold Platts & Co., 126, Colmore Row, Birmingham, 3.

GEORGE, PHILIP LESLIE, City Treasurer's Office, Town Hall, Sheffield.

GOUGH, JOHN LESLIE, Clerk to F. Holliday (Fredk. & C. S. Holliday), Park Row, Leeds.

GOW, BASIL WEIR, Clerk to H. E. Johnson (J. E. Denney, Bogle & Co.), 120, Moorgate, London, E.C.2.

GRAHAM, DONALD, Clerk to E. J. Williams & Co., Exchange Buildings, 14, Lowther Street, Carlisle.

GRANT, ANTHONY MICHAEL, Clerk to F. R. O'Connor, 10, Westmorland Street, Dublin.



**FINAL—(Continued)**

- GREEN, DAVID ALEXANDER, Clerk to Thomas Hodgson & Co., Clarence Chambers, 4, Piccadilly, Manchester, 1.
- GREET, ERIC BENJAMIN, Clerk to A. J. Northcott (A. J. Northcott & Co.), 14, Princess Square, Plymouth.
- GREGORY, GEOFFREY WILLIAM, Clerk to John Gordon, Harrison, Taylor & Co., 6, Raglan Street, Harrogate.
- GREGORY, STANLEY BROCKTON, Clerk to Robinson, Coulson, Kirkby & Co., Alma Chambers, Scarborough.
- GRIFFITH, JOHN EDWARD LLEWELYN, Clerk to W. Norman Bubb (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.3.
- GRIFFITHS, ARNOLD CLIFFORD, Clerk to Leonard Ross, Walker Street Chambers, Wellington, Shropshire.
- GUBBAY, DAVID, Clerk to M. Widdowson (Widdowson & Co.), Dominion Buildings, 2, South Place, London, E.C.2.
- HALLIDAY, DENIS EVANS, Clerk to Robert Heatley & Co., Temple Chambers, 33, Brazennose Street, Manchester, 2.
- HARRIES, SYDNEY JAMES, Clerk to Jones, Robathan, Thompson & Co., 34, Blue Street, Carmarthen.
- HARRIS, ERIC WALTER, Clerk to Stoy, Hayward & Co., 103, Cannon Street, London, E.C.4.
- HEATH, FREDERICK THOMAS, Clerk to Lewis, Walker & Lowe, 91, Shaftesbury Avenue, London, W.1.
- HILL, JOHN EDWARD, Clerk to R. M. Brodie, 29, Scale Lane, Hull.
- HODNETT, THOMAS RICHARD, Clerk to O'Neill, Barron & Co., 93, O'Connell Street, Limerick.
- HORROCKS, ALFRED HENRY, Clerk to Ronald Dryden, Norfolk House, 11, Norfolk Street, Manchester, 2.
- HUGHES, DAVID BEYNON IDWAL, Clerk to McEwan, Wallace, Howell & Co., 56, Hamilton Square, Birkenhead.
- HUGHES, WALTER CLIFFORD MADDOCKS, Clerk to Warmley, Henshall & Co., 29, Eastgate Row North, Chester.
- JOHNSON, CECIL, Clerk to Lord, Foster & Co., 37, Walbrook, London, E.C.4.
- JOHNSON, FREDERICK, Clerk to J. C. Carr Braint, General Buildings, Wellington Street, Leicester.
- JOHNSON, THOMAS HAROLD, Finance Department, Westminster City Hall, Charing Cross Road, London, W.C.2.
- KETTLEDON, WILLIAM JOHN, City Treasurer's Department, Guildhall, Worcester.
- KING, JOHN GILBERT, Clerk to Clench, Hewitt & Co., 10, Norfolk Street, Strand, London, W.C.2.
- KIRBY, JOHN, Clerk to Magennis, Burns, Griffin & Co., City Chambers, 4, Lapp's Quay, Cork.
- KNAPPER, EDWARD FREDERICK NIXON, Clerk to A. C. Ling, Old Library House, Dean Park Road, Bournemouth.
- LACEY, DONALD JAMES, Clerk to Harold Brown (Harold Brown & Co.), 25, Bennetts Hill, Birmingham.
- LAMB, IVOR RICHARD, City Treasurer and Controller's Office, City Hall, Cardiff.
- LEE, GEORGE, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- LEES, ERNEST GEORGE, Clerk to W. B. Keen & Co., 23, Queen Victoria Street, London, E.C.4.
- LEHEUP, EDWARD, Clerk to Leslie A. Tomlinson, Eldon Chambers, Wheeler Gate, Nottingham.
- LEMAY, JOHN, Clerk to Thomas Smith & Sons, National Bank Buildings, 135, Buchanan Street, Glasgow.
- LIPMAN, ARTHUR MAITLAND, Clerk to Joseph W. Shepherd, 78, King Street, Manchester.
- LONG, ERIC JAMES, Clerk to Hancock & Ashford, 57, Surrey Street, Sheffield, 1.
- LUNNON, ANTHONY FRANCIS, Clerk to A. Clarke Vincent, 13, Queen Street, Cheapside, London, E.C.4.
- MACINNES, HENRY ARCHIBALD IAN, Clerk to G. Stanhope Pitt (Bolton, Pitt & Breden), 27, Clements Lane, Lombard Street, London, E.C.4.
- McKENZIE, THOMAS METCALF, Clerk to W. M. McKenzie (Metcalf, McKenzie & Co.), 32, West Sunnyside, Sunderland.
- MACRAE, DUNCAN CHARLES, Clerk to Percy G. Stembridge, Cadogan Chambers, 6, Cherry Street, Birmingham.
- MANDRE, SUBBARAO GNANOBARAO, formerly Clerk to S. R. Mandre & Co., 118, Mahendra Mansions, Esplanade Road, Fort, Bombay.
- MARK, HEDLEY, Clerk to Morgan Brothers & Co., Capel House, 54, New Broad Street, London, E.C.2.
- MARKHAM, ERIC, Clerk to Herbert E. Harwood, 73-75, Albion Street, Leeds.
- MARSHALL, STANLEY, Borough Treasurer's Department, Town Hall, Scarborough.
- MEAKIN, JAMES, Clerk to Harmood Banner & Son, 24, North John Street, Liverpool, 2.
- MEEK, VERA DOROTHEA, Clerk to Butterell & Ridgway, 21, Parliament Street, Hull.
- MERRIMAN, ROBERT DAVID, Clerk to V. J. H. Harris (Benbow & Airs), Derngate House, 45, Derngate, Northampton.
- MICHELL, BERNARD PHILIP WILSON, Clerk to D. A. Newby (Hewat, Bridson & Newby), 6, Rue de l'Ancienne Bourse, Alexandria, Egypt.
- MOON, KENNETH DOUGLAS, Clerk to R. D. Lambert, Borough Treasurer, Municipal Buildings, West Hartlepool.
- MOORE, THOMAS WILLIAM EDWARD, Clerk to Thornton & Thornton, Prudential Chambers, Banbury.
- MORSMAN, GERALD ARTHUR, Clerk to W. Paynter (Spence, Paynter & Morris), 6, Wardrobe Place, Doctors' Commons, London, E.C.4.
- MUNDELL, ERIC GOODWIN, Clerk to Laurence H. Staite (L. H. Staite & Co.), Revenue Buildings, Chapel Road, Worthing.
- MUNDY, ISRAEL JUDAH, Clerk to Levy, Hyams & Co., 39, Cheapside, London, E.C.2.
- MURKETT, GEOFFREY, Clerk to Frederick Simkin (Simkin & Arnold), The Hollins, 16, New Street, Leicester.
- MURPHY, ARTHUR, Clerk to Lawrie & Todd, Bank Offices, 3, Granby Street, Leicester.
- MYERSON, ALEXANDER, 10, Cook Street, Liverpool, 2, Practising Accountant.
- NICKLIN, ARTHUR SYDNEY, Clerk to A. Cropp Hawkins & Co., Portland House, Church Street, Stoke-on-Trent.
- ODDIE, RICHARD LEVIN, Clerk to Joseph W. Shepherd, 78, King Street, Manchester.
- PACK, PHILLIP AMBROSE, Clerk to Neylan & Co., Westminster Bank Chambers, Dover.
- PATES, JOSEPH KENNETH, Borough Treasurer's Office, Town Hall, Ilford.
- PEARSON, NORMAN, Clerk to E. B. Rawlinson (Rawlinson, Smith & Mitchell), 1a, Manor Row, Bradford.
- PENN, ALAN JOHN, Clerk to J. R. Watson, 11a, Abingdon Street, Northampton.
- PHILLIPS, ERIC, Clerk to F. F. Charles, 63, Coleman Street, London, E.C.2.
- PHILLIPS, WILLIAM STANTON, Clerk to Egerton, Chater & Co., 74, Cheapside, London, E.C.2.
- PING, JOHN WILLIAM, Clerk to Cassleton Elliott & Co., 4-6, Throgmorton Avenue, London, E.C.2.

## FINAL—(Continued)

- PIPER, GEOFFREY EDWIN, Clerk to F. W. Nicholls (Asbury, Riddell & Co.), 7, The Square, Shrewsbury.
- POTTER, SIDNEY RICHARD, Clerk to Spain Brothers, Dalling & Co., 1, Pavilion Buildings, Brighton, 1.
- PRIME, SIDNEY GEORGE, Clerk to Ball, Baker & Co., Spencer House, South Place, London, E.C.2.
- PURKISS, SYDNEY CHARLES, Clerk to Samuda, Beresford & Co., 18, Lavender Corner, London Road, North Cheam, Surrey.
- RASINI, CHARLES LUIGI DOMENICO, Clerk to W. F. A. Cooper, 68, Aldersgate Street, London, E.C.1.
- READ, PHILIP KENNETH, Borough Accountant's Office, Town Hall Annexe, Third Avenue, Hove, 3.
- REAH, WILLIAM ANDREW, Clerk to Bolton, Wawn & Co., 48, West Sunnyside, Sunderland.
- RICHARDS, JOHN SAMUEL, Clerk to R. M. Simpson (Simpson, Wreford & Co.), 329, High Holborn, London, W.C.1.
- RICHARDSON, EDWARD HENRY, Clerk to George W. Spencer (Geo. W. Spencer & Co.), 10, Bush Lane, London, E.C.4.
- RILEY, ARNOLD NEWSHAM, Clerk to C. Yates Lloyd & Co., 2, Cooper Street, Manchester.
- RIXON, LEONARD CHARLES, Clerk to Cooper & Cooper, 49, Eastcheap, London, E.C.3.
- ROBINSON, FRANK, Clerk to J. Herbert Haley (J. Herbert Haley, Son & Co.), 29, Tyrrel Street, Bradford.
- ROBINSON, GEOFFREY HERBERT, Clerk to J. Robinson, 103, Lower Addiscombe Road, Croydon, Surrey.
- ROSE, CHARLES LESLIE, Clerk to D. W. H. Phipp & Co., York Chambers, Long Eaton.
- ROSS, NEIL JAMES, Clerk to Wylie & Hutton, 17, Duke Street, Edinburgh.
- ROUSE, LESLIE ALAN, Clerk to Wederell, Trenow, Gillatt & Co., Balfour House, 119-125, Finsbury Pavement, London, E.C.2.
- ROWE, OLIVER, Clerk to Edwin Guthrie & Co., 71, King Street, Manchester, 2.
- RUMNEY, GEORGE PIERSON, Clerk to C. A. Milford (Milford & Co.), 3, Richmond Terrace, Blackburn.
- RYDER, HANDEL, Clerk to Whitehead & Howarth, Montauban Chambers, Lytham St. Anne's.
- SANDERSON, JOHN LEONARD, Clerk to J. Vincent Baines (H. Tindall Sherwood & Co.), 115, High Street, Stockton-on-Tees.
- SEN, SATYA RANJAN, M.A., formerly Clerk to S. R. Batliboi & Co., 1b, Old Post Office Street, Calcutta.
- SHARP, THOMAS WILLIAM SCOTT, B.A., B.C.L., Clerk to Saunders & McCubbing, 4, Crosby Square, London, E.C.3.
- SILVERMAN, ALFRED HYAM, Clerk to Baxter, Bennett, Bowyer & Co., Bath House, 57-60, Holborn Viaduct, London, E.C.1.
- SIMON, RICHARD PAUL, formerly Clerk to A. D. Banfield, 68, Coleman Street, London, E.C.2.
- SMALLMAN, BENJAMIN ALBERT, Clerk to Howard Smith, Thompson & Co., Bank Chambers, 11, Waterloo Street, Birmingham, 2.
- SMITH, HERBERT ALEXANDER, H.M. Inspector of Taxes, 27, St. Mary Street, Weymouth.
- SMITH, JOHN ROBERTS, Clerk to M. S. Bradford & Co., Shell Mex House, Strand, London, W.C.2.
- SMITH, MYRA WINIFRED, Clerk to Maurice G. Dadley, Stoneleigh Chambers, 2, Stoneleigh Terrace, Coventry.
- SNOWBALL, SYDNEY, Clerk to John Gordon, Harrison, Taylor & Co., 7, Bond Place, Leeds.
- SPORLE, WALTER GEOFFREY, Clerk to Alfred Nixon, Son & Turner, 31-37, Victoria Buildings, St. Mary's Gate, Manchester, 1.
- STANFORTH, GEORGE, Clerk to R. G. Nicholson, Borough Treasurer, Municipal Offices, Howard Street, Rotherham.
- STEVENSON, PETER VERRAN, M.A., Clerk to R. W. E. Bunn, Borough Accountant, Town Hall, Brighton.
- STOKES, STEPHEN EDWARD, Clerk to C. Stanley Scarlett (Scarlett & Goldsack), 5, Cecil Square, Margate.
- SYKES, STANLEY WILLIAM, Borough Treasurer's Office, Town Hall, Wallasey.
- TANKARD, ARTHUR, Clerk to F. L. Kilby, Bull Green House, Halifax.
- TAYLOR, ERIC FRANK, Clerk to Arthur H. Hall (Stanley Blythen & Co.), 12, Low Pavement, Nottingham.
- TEAGUE, HUBERT, County Accountant's Office, Shire Hall, Gloucester.
- THAYER, SIDNEY THOMAS ELLIS, Clerk to Solomon Hare & Co., 39, Broad Street, Bristol.
- THOMPSON, FRANK JAMES, Clerk to R. Duncan French & Co., North House, 17, North John Street, Liverpool, 2.
- THOMPSON, JAMES, Clerk to C. Percy Barrowcliff & Co., 55-57, Albert Road, Middlesbrough.
- TIZICK, HARRY, Clerk to Buckley, Hall, Devin & Co., National Provincial Chambers, Silver Street, Hull.
- TREMLETT, REGINALD LOUIS, County Accountant's Department, The Castle, Chester.
- TUTTE, GERALD EDWIN, Clerk to A. E. Vernon, 698, Christchurch Road, Boscombe, Bournemouth.
- VERNON, SIDNEY, Clerk to E. Andrews, Abbey Chambers, 12, Abbey Square, Chester.
- WALKER, GEORGE RAYMOND, Clerk to J. Pearson & Son, 5, Godwin Street, Bradford.
- WALTON, WILLIAM, Clerk to Fred. W. Coope (Greenhalgh & Coope), Clifton Chambers, 23a, Clifton Street, Blackpool.
- WARD, ARTHUR DOUGLAS, Clerk to A. Stuart Allen (Allen & Baldry & Holmans), Bilbao House, 36, New Broad Street, London, E.C.2.
- WARDLE, STANLEY GEORGE, Clerk to George E. Cooke, 78, Broad Street, Pendleton, Salford, 6.
- WEBSTER, WILLIAM JOE WARD, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2.
- WELLS, WALTER THADDEUS, Clerk to W. Douglas Menzies (H. Menzies & Co.), Fife House, Fife Road, Kingston-on-Thames.
- WEST, NORMAN LEIGH, Clerk to H. W. West & Co., Bank House, 618, Romford Road, Manor Park, London, E.12.
- WESTON, EDWARD FRANK, Clerk to Payne, Rowe, Stone & Co., Wood Street Buildings, 112-113, Fore Street, London, E.C.2.
- WHEELER, FRANK RAYMENT, formerly Clerk to S. H. Roberts, 7, Buckland Terrace, Plymouth.
- WILLIAMS, JOHN EMLYN, Clerk to Percy R. Hayes, Midland Bank Chambers, High Street, Wrexham.
- WILLIAMS, ROBERT CATHERWOOD, Clerk to R. H. Munro & Co., 2, Thames House, Queen Street Place, London, E.C.4.
- WILSON, HOWARD FRANCIS, Clerk to C. Percy Barrowcliff & Co., 55-57, Albert Road, Middlesbrough.
- WOLFENDEN, CHARLES REGINALD, Clerk to Lewis & Mounsey, 3, Lord Street, Liverpool, 2.
- WOODS, THOMAS WILLIAM, Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.

## FINAL—(Continued)

WYLDE, RAYMOND OSWALD, Clerk to Harry L. Price & Co., 47, Mosley Street, Manchester, 2.

## SUMMARY :—

3 Candidates awarded Honours.

170 Candidates passed.

185 Candidates failed.

358 Total.

## Passed in Intermediate.

## Order of Merit.

SUGDEN, GILBERT, Borough Treasurer's Department, St. Paul's House, Taunton. (*First Place Certificate and First Prize.*)

SMITH, HARRY, Borough Treasurer's Office, New Square, Chesterfield. (*Second Place Certificate and Second Prize.*)

CROW, DERRICK LONGRIDGE, City Treasurer's Office, Exchange Buildings, Cheapside, Nottingham. (*Third Place Certificate.*)

KEELING, HERBERT, City Treasurer's Office, Exchange Buildings, Cheapside, Nottingham. (*Fourth Place Certificate.*)

MACK, CHRISTOPHER UTRICK, Clerk to Price, Waterhouse & Co., 31, Mosley Street, Newcastle-upon-Tyne. (*Fifth Place Certificate.*)

ROOKWOOD, DAN FRANCIS, Clerk to Martin, Farlow & Co., 34-36, Gresham Street, London, E.C.2. (*Sixth Place Certificate.*)

GREENE, ALEXANDER PHILIP ISAAC, Clerk to W. Gidley Dunn (W. Gidley Dunn & Co.), 11, Great Turnstile, High Holborn, London, W.C.1. (*Seventh Place Certificate.*)

CURRIE, CHARLES ROBINSON, Clerk to H. C. Howell (McEwan, Wallace, Howell & Co.), 56, Hamilton Square, Birkenhead (*Eighth Place Certificate.*)

## Alphabetical Order.

ABBOTT, THOMAS PRINGLE, Clerk to George Cobley & Co., 33, Henrietta Street, Covent Garden, London, W.C.2.

ADAMS, CLIFFORD JAMES, Clerk to Cooper Brothers & Co., 14, George Street, Mansion House, London, E.C.4.

AMERY, ALBERT EDWARD, Clerk to White & Pawley 6, Sussex Terrace, Princess Square, Plymouth.

ARNOTT, EDGAR ALFRED, Clerk to Cole, Dickinson & Hills, 18, Essex Street, Strand, London, W.C.2.

ARUNDALE, GEORGE HERBERT, Clerk to T. Harold Platts (T. Harold Platts & Co.), 126, Colmore Row, Birmingham.

ATKINSON, GEORGE, Audit Office, Co-operative Wholesale Society, Ltd., 84, Westmorland Road, Newcastle-upon-Tyne.

ATTWOOD, RALPH MONTAGUE, Clerk to A. C. Roberts, Wright & Co., 9-10, Pancras Lane, Queen Street, London, E.C.4.

AYERS, GEORGE JAMES, City Accountant's Office, Municipal Offices, Chester.

BACH, HENRY, Clerk to Donald F. Gay (Philip E. Farr, Rose & Co.), Bassishaw House, 70a, Basinghall Street, London, E.C.2.

BAKER, LESLIE THOMAS BRIDGES, Clerk to Bland, Fielden & Co., 11, Sir Isaac's Walk, Colchester.

BAMBROUGH, JOHN, Clerk to Alfred E. Usher & Co., 28, West Sunniside, Sunderland.

BARNETT, PHILIP GEORGE, Clerk to J. W. Davidson, Cookson & Co., 515, Martins Bank Building, 6, Water Street, Liverpool.

BLACKNELL, HAROLD GEORGE, Clerk to de Paula, Turner, Lake & Co., 17, Coleman Street, London, E.C.2.

BLEASE, RAYMOND KINGSLEY, Clerk to Samuel Hatton (Samuel Hatton & Co.), 7, St. James' Square, John Dalton Street, Manchester.

BOCOCK, CECIL NORMAN, Clerk to Cooper-Parry, Hall, Doughty & Co., 102, Friar Gate, Derby.

BOON, BERNARD GEORGE, Clerk to Thomas W. Sly (Mortimer & Sly), 37, High Holborn, London, W.C.1.

BOOTH, JAMES, Treasurer's Department, County Council of the West Riding of Yorkshire, County Hall, Wakefield.

BRISCOE, JOHN EDMUND, Borough Treasurer's Office, Town Hall, Birkenhead.

BROMIGE, ALAN FRANK, Clerk to Amsdon, Son, Wells & Jackson, 27-31, High Street, Croydon.

BURDON, ERIC JAMES, District Audit Staff, Ministry of Health, Park Hotel, Darlington.

BURRELL, SYDNEY, Borough Treasurer's Department, Town Hall, Nelson.

CAMPBELL, JOHN, Clerk to James Condie (James Condie & Co.), 3, East Port, Dunfermline.

CHADDER, HAROLD HENRY RABBICH, Clerk to R. N. Ching (W. J. Ching & Co.), 8, Sussex Terrace, Plymouth.

CHADWICK, FREDERICK WILLIAM, Clerk to R. M. Branson (Thomas May & Co.), Allen House, Newarke Street, Leicester.

CHANDLER, FREDERICK WILLIAM WINSLOW, Clerk to Black, Geoghegan & Till, 10, Lefebvre Street, Guernsey.

CHAPMAN, ALAN ROBERT, Clerk to C. L. Hamer (Chipchase, Wood & Co.), Barclays Chambers, Durham.

CHAPMAN, HAROLD, Clerk to Price, Waterhouse & Co., 3, Fredericks Place, Old Jewry, London, E.C.2.

CHURCHER, HENRY ARTHUR WYATT, Colonial Audit Department, Queen Anne's Chambers, Dean Farrar Street, London, S.W.1.

CLARK, JOHN, Clerk to Cryer & Kitchen, Old Bank Chambers, Keighley.

CLENTON, FRANK WILLIAM, Clerk to Sharp, Parsons & Co., 120, Colmore Row, Birmingham, 3.

COOKE, STEPHEN, Clerk to H. J. Bicker (E. Bicker & Son), Exchange Buildings, Upper Hinton Road, Bournemouth.

COLLOP, NORMAN WILLIAM, Clerk to O. A. Hibbert (Morgan Brothers & Co.), Capel House, 54, New Broad Street, London, E.C.2.

CORBETT, GERALD NERMAN, Clerk to Franklin, Wild & Co., Orient House, 42-45, New Broad Street, London, E.C.2.

CRINGLE, FRANK, Clerk to H. E. Kneale, 1, Athol Street, Douglas, I.O.M.

CROOK, JOSEPH, Clerk to Proctor & Proctor, 3, Grimshaw Street, Burnley.

CROOKES, JOHN, Clerk to John Watson, Sons & Wheatcroft, 11, Leopold Street, Sheffield.

CROSSLEY, CYRIL, Clerk to Armitage & Norton, Martins Bank Chambers, Tyrrel Street, Bradford.

CURTIS, ROGER DAVID, Clerk to P. F. Keens (Keens, Shay, Keens & Co.), Bilbao House, New Broad Street, London, E.C.2.

DAFT, GODFREY BENNETT, Clerk to Croudson & Co., 1, Oxford Place, Leeds.

DAS, LALA HIMANSU, B.Sc., formerly Clerk to S. R. Batliboi & Co., 1b, Old Post Office Street, Calcutta.

DAVIES, DAVID LYNNUS, Clerk to E. Holbrook (Ernest Holbrook & Co.), 24-25, Western Mail Buildings, St. Mary Street, Cardiff.



## INTERMEDIATE—(Continued)

- DAVIES, WYNNE ILLTYD, Clerk to Morgan & Pike, 59 and 60, Wind Street, Swansea.
- DAWE, GEORGE HENRY, Clerk to Winter, Robinson & Sisson, 16, Market Street, Newcastle-upon-Tyne.
- DAWSON, RONALD GEORGE, Clerk to Armitage, Norton, Boyce & Co., 25-31, Moorgate, London, E.C.2.
- DEELEY, CHARLES HAROLD FRASER, Clerk to Harold Brown (Harold Brown & Co.), 25, Bennetts Hill, Birmingham.
- DERRY, EDWARD GEORGE CHADWICK, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2.
- DEVENPORT, HENRY, Clerk to Gibson & Ashford, 39, Waterloo Street, Birmingham.
- DUERDEN, HARRY, Clerk to R. Slater Windle (Windle & Bowker), Midland Bank Chambers, Barnoldswick.
- DUGGAN, ROBERT HENRY GRIFFIN, Clerk to Edward Thomas Peirson & Sons, 16-17, Hertford Street, Coventry.
- ECKERSLEY, EGERTON, Borough Treasurer's Office, Widnes.
- EDDOLLS, THOMAS HORACE, Clerk to W. J. Pallot (Richard Leyshon & Co.), 128-129, Bute Street, Cardiff.
- EDWARDS, HERBERT OLIVER, Clerk to J. J. Evans (Saunders, Horton & Co.), The Cardiff Chambers, 29, 30 and 31, St. Mary Street, Cardiff.
- FARLEY, JAMES, Clerk to Fred A. Prior (Prior & Palmer), General Buildings, Bridlesmith Gate, Nottingham.
- FELL, WILLIAM MATTHEW, Clerk to R. C. L. Thomas (Walter Hunter, Bartlett, Thomas & Co.), 24, Bridge Street, Newport, Mon.
- FIDDES, NOEL GORDON, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- FIELD, ALAN PEARSON, Clerk to R. Smith, 10, Richmond Terrace, Blackburn.
- FLINT, FRANK DENNIS, Clerk to W. G. A. Russell (W. G. A. Russell & Co.), Ruskin Chambers, 191, Corporation Street, Birmingham.
- FORD, FRANK ALEXANDER, Clerk to McAuliffe, Davis, Bell & Co., Rua Sao Bento 17, Sao Paulo.
- FORDER, ROBERT FRANCIS, Clerk to H. O. Bennett & Co., 5, Opie Street, Norwich.
- FORSTER, HENRY KNIGHT, Clerk to John D. Simpson, 4, Park Place, Cardiff.
- FOURACE, DONALD SUNDERLAND, Clerk to Thomas C. Forster, Lord's Chambers, 26, Corporation Street, Manchester.
- FOWLER, MAURICE LEWIS, Clerk to Knox, Cropper & Co., Spencer House, South Place, London, E.C.2.
- FOX, ROBERT CHARLES, Clerk to William A. Nixon (Alfred Nixon, Son & Turner), 31-37, Victoria Buildings, St. Mary's Gate, Manchester.
- FRADD, VERNON GEORGE, Clerk to George R. Williams, 19, Windsor Place, Cardiff.
- GARNETT, CHARLES, Clerk to Harold F. Joy, 28, St. Thomas Street, Weymouth.
- GARTSIDE, HARRY GWILLIAM, Clerk to Edgar Oates & Co., 371, 373, 375 and 377, Corn Exchange Buildings, Manchester.
- GILLET, MAURICE ERNEST, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- GOODY, STANLEY WILLIAM, Clerk to Wilkins, Doewra & Co., 8, Queen Street, Cheapside, London, E.C.4.
- GREEN, CECIL EDGAR, Clerk to Hemsley, Miller & Co., 52-53, Cheapside, London, E.C.2.
- HADDON, ERNEST GEORGE, Clerk to L. E. B. Jacob (Jacob & Haynes), Wardrobe Chambers, 146a, Queen Victoria Street, London, E.C.4.
- HALL, CEDRIC HERBERT, Clerk to M. O. Beale & Co., 9-10, Railway Approach, London Bridge, London, S.E.1.
- HALL, LEONARD ARTHUR, Clerk to Fairbairn, Wingfield & Wykes, 67, Watling Street, London, E.C.4.
- HALLETT, BERNARD, Clerk to Arthur Hallett (Arthur Hallett & Co.), 11, Hill Street, Wrexham.
- HALLIDAY, JOSEPH WILLIAM, Clerk to Gardiner, Hunter & Co., 40-41, Old Broad Street, London, E.C.2.
- HALSTEAD, ERNEST, County Accountant's Department, County Offices, St. Mary's Gate, Derby.
- HANDS, HOWARD RONALD, Clerk to Gibson & Ashford, 39, Waterloo Street, Birmingham.
- HARDING, CECIL BRADBURY, Clerk to Sidney R. Knight & Co., High Road Chambers, 3, Grosvenor Road, Ilford, Essex.
- HARROLD, EDWARD REGINALD, Clerk to E. C. Malyon (Pawley & Malyon), Finsbury Court, Finsbury Pavement, London, E.C.2.
- HARTLEY, JOHN, Clerk to J. E. Shaw, 2, Bank Street, Rawtenstall, Lancs.
- HARVEY, CHARLES CRANSTON, Clerk to Martin Shaw, Leslie & Shaw, 2, Wellington Place, Belfast.
- HASLAM, THOMAS, Clerk to T. R. Morris (Clarke, Dovey & Co.), 31, Queen Street, Cardiff.
- HAY, ALAN, Clerk to S. H. Brooks & Co., Bank Chambers, 33, Bedford Street, North Shields.
- HAYWOOD, ARTHUR STANTAN, Clerk to Alfred D. Thomas, 12, Windsor Place, Cardiff.
- HERMAN, RUDOLPH GUY, Borough Treasurer's Department, Town Hall, Chelsea, London, S.W.3.
- HEYWOOD, KENNETH CHARLES, Clerk to Ashworth, Mosley & Co., Midland Bank Chambers, Spring Gardens, Manchester.
- HIBBS, LEWEN EDWARD GEORGE, Clerk to A. C. F. Hardwicke, 50, St. Mary Street, Weymouth.
- HIGGINS, GEOFFREY EWART, Clerk to W. E. Rooke (Rooke, Holt & Co.), Empire House, St. Martin's-le-Grand, London, E.C.1.
- HILL, ANTHONY, Clerk to Peat, Marwick, Mitchell & Co., Royal Exchange, Middlesbrough.
- HOLT, SAMUEL, Clerk to Walton, Watts & Co., 41, Spring Gardens, Manchester.
- HOPE, JOHN, B.A., Clerk to Fred W. Coope (Greenhalgh & Coope), Clifton Chambers, 23a, Clifton Street, Blackpool.
- HOPWOOD, GEORGE ROBERT, Clerk to S. D. Payne (W. H. Payne & Co.), 8-9, Martin Lane, Cannon Street, London, E.C.4.
- HOWELL, CORNELIUS JOHN, Clerk to H. Lomax (H. Lomax & Co.), 83, Bridge Street, Manchester.
- HULBERT, GORDON ALAN, Clerk to J. D. R. Jones (Alban & Lamb), Barclays Bank Chambers, Newport, Mon.
- HUNT, JOSEPH STANLEY, Clerk to E. A. Radford, Edwards & Co., Royal Mail House, 76, Cross Street, Manchester.
- HURST, CYRIL GRUNDY, Clerk to Edward E. Groome (Groome & Ramsdale), 4, Norfolk Street, Manchester.
- HYAM, FREDERICK BENJAMIN, Clerk to G. E. McCanlis (McCanlis & Mapstone), 32, Shaftesbury Avenue, London, W.1.
- IMBER, WILLIAM JOHN, Clerk to Thornton & Thornton, Prudential Chambers, Banbury.
- INGRAM, JOHN KEVIN PATRICK, Clerk to R. L. Reid (Purtill & Co.), 33-34, Anglesea Street, Dublin.
- JAMES, JOHN FREDERICK, Clerk to Peat, Marwick, Mitchell & Co., 2, Park Place, Leeds.
- JAMES, WILLIAM RONALD, Clerk to G. Leonard Foulds, Federation Chambers, Wheeler Gate, Nottingham.

## INTERMEDIATE—(Continued)

- JEFFS, FREDERICK ELWYN, Clerk to G. A. Watkins (F. Jennings & Co.), Borough Chambers, Neath.
- JOHNSON, PETER NORMAN, Clerk to Reginald L. Tayler (Reginald L. Tayler & Co.), Coventry House, South Place, Moorgate, London, E.C.2.
- JOHNSTON, ARTHUR, Borough Treasurer's Department, Municipal Buildings, Swinburne Street, Gateshead.
- JONES, IVOR GWYNEDD, Clerk to Harwood Banner & Son, 24, North John Street, Liverpool.
- JOSHUA, TREFOR WYNNE, Clerk to Thomas Mills (Brinley Bowen & Mills), 13, Northampton Place, Swansea.
- JUDD, GEORGE STANLEY, Clerk to G. A. Peskett (Arthur M. Hobbs & Co.), 64, Great Portland Street, London, W.1.
- KENNA, GEORGE WILLIAM, Clerk to Barton, Mayhew & Co., Aldermans House, Bishopsgate, London, E.C.2.
- KENT, VICTOR ALFRED DOUGLAS, Clerk to J. H. Grove (J. Hulbert Grove & Co.), Swan House, 133-135, Oxford Street, London, W.1.
- KING, KENNETH RICHARD, Clerk to Simkin & Arnold, The Hollins, 16, New Street, Leicester.
- KIRK, DONALD HENRY, Clerk to Spain Brothers & Co., 45, London Wall, London, E.C.2.
- LANDA, BASIL WALTER, Clerk to Jackson, Taylor, Abernethy & Co., 20, Bucklersbury, London, E.C.4.
- LANE, SIDNEY EDWARD, Clerk to Armitage, Norton, Boyce & Co., 25-31, Moorgate, London, E.C.2.
- LAUD, ALBERT GORDON, Clerk to B. Ruscoe (Dyke & Ruscoe), The Old Mansion, St. Mary's Street, Shrewsbury.
- LAWLER, JOSEPH PATRICK, Clerk to S. A. Martin, 43, Dame Street, Dublin.
- LISLE, GEORGE, Clerk to Herbert E. Harwood, 73 and 75, Albion Street, Leeds.
- LISTER, CHARLES, Borough Treasurer's Department, Town Hall, Torquay.
- LISTER, JOHN FAULDER, Clerk to George R. Griffin (Griffin & Co.), Daimler House, 33, Paradise Street, Birmingham.
- LITCHFIELD, HARRY LOCKHART, Clerk to Edmund Lund, City Treasurer, 17, Fisher Street, Carlisle.
- LOCK, EUSTACE INGRAM, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2.
- LOCKHART, THOMAS, Clerk to D. S. T. Pettitt (Pettitt & Son), Lloyds Bank Chambers, 45-47, Old Christchurch Road, Bournemouth.
- LORD, HARRY, Clerk to H. J. Leslie Cawood, 68, Eyre Street, Sheffield.
- LUNNEN, REGINALD CHARLES HENRY, Clerk to Carpenter, Arnold & Turner, Midland Bank Chambers, North Street, Brighton, 1.
- MACDONALD, GEORGE ALEXANDER, Clerk to Thomas E. Niven (Thomas Smith & Sons), National Bank Buildings, 135, Buchanan Street, Glasgow.
- MCILHERENE, ALEXANDER, Clerk to James Baird & Co., New Row, Coleraine.
- MCLAREN, ARTHUR VICTOR JAMES, Clerk to Hodgson, Harris & Co., 135, Fenchurch Street, London, E.C.3.
- MCNEILL, OWEN KENNETH, Clerk to Johnston, Graham & Co., 11, Donegall Square South, Belfast.
- MALCOLM, KEITH, Clerk to W. M. Bayliss (W. M. Bayliss, Sons & Co.), 16, Broad Street, Oxford.
- MALLINSON, WILFRED, Clerk to Sharpe & Sharpe, Market Place Chambers, Huddersfield.
- MANDERSON, JAMES ALLAN WATSON, Clerk to James M. Roxburgh (James M. Brodie & Co.), 73, Princes Street, Port Glasgow.
- MASON, ALBERT GEORGE TURNER, Clerk to R. Duncan Burnet, 51, North John Street, Liverpool.
- MASTERTON, JAMES STEWART, City Chamberlain's Department, City Chambers, Edinburgh.
- MAY, LESLIE JOHN, District Audit Staff, Ministry of Health, 40, Thornton Rd., Ward End, Birmingham, 8.
- MEARES, JOHN, Clerk to Arthur B. Watts, 14, St. Andrew's Crescent, Cardiff.
- METCALF, LEO STANLEY, Clerk to Oswald Coope, 14, Park Row, Leeds.
- MICHEL, GEORGE RICHARD, Clerk to H. A. McCann (H. A. McCann & Co.), Revenue House, 7-8, Poultry, London, E.C.2.
- MILLEDGE, GEORGE EDWIN, Clerk to Wheatley, Pearce & Co., 102, High Street, Poole, Dorset.
- MILNER, ALFRED, Clerk to A. Macdonald & Co., 4, King Street, Thorne, Yorks.
- MOORE, GEORGE FREDERIC, Clerk to Cooper & Cooper, 49, Eastcheap, London, E.C.3.
- MORALEE, SYDNEY, Clerk to Arthur M. White (White & Mason), Erskine Chambers, 52, Grainger Street, Newcastle-upon-Tyne.
- MOREY, ERIC WALTER, Clerk to Frank T. Goodliff, 60a, Grand Parade, Brighton, 7.
- MURPHY, CHARLES DEVLIN, Clerk to S. H. Moore, 91b, South Mall, Cork.
- MURRELLS, FREDERICK STANLEY BAYNES, Clerk to Wilfrid G. Milton, Bank Chambers, 329, High Holborn, London, W.C.1.
- NASH, WILLIAM MATHEW HOWARD, Clerk to J. & A. W. Sulley & Co., 84-85, High Street, Weston-super-Mare.
- NAYLOR, HAROLD, Clerk to Robert Stewart (J. A. Harris & Co.), 23, Regent Street, Barnsley.
- NEWELL, ALBERT EDWARD, Borough Treasurer's Office, Town Hall, Morley.
- NEWMAN, LEONARD THOMAS, Clerk to Hamilton, Eddy & Rowand, 19a, Coleman Street, London, E.C.2.
- NOWELL, KENNETH, Clerk to Frederick Haughton (Harrison, Smith & Haughton), 6a, North Parade, Bath.
- O'REILLY, JOHN STEPHEN, Clerk to Magee, Woods & Hillan, Donegall Chambers, Donegall Place, Belfast.
- OTHICK, JAMES GORDON, Borough Accountant's Office, Worthing.
- PAGE, JAMES MCINROY, Clerk to J. T. Morrison, Town Chamberlain, Chamberlain's Office, Coatbridge.
- PALMER, JOSEPH, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- PARDOE, JOSEPH EDWARD, Clerk to W. S. Brown, Macdonald & Fleming, 25, Hide Hill, Berwick-on-Tweed.
- PARK, JOSEPH MALCOLM, Clerk to Peat, Marwick, Mitchell & Co., Guildhall, Newcastle-upon-Tyne.
- PARNABY, JAMES, Clerk to Buckley, Hall, Devin & Co., National Provincial Chambers, Silver Street, Hull.
- PARR, JOHN HILTON, Clerk to Wm. Towers, Naismith & Towers, 44, Brazennose Street, Manchester.
- PARRATT, HENRY JOHN, Clerk to William S. Gregg (Milne, Gregg & Turnbull), Bank Buildings, 16, St. James's Street, London, S.W.1.
- PARRY, KENNETH CLARK, Clerk to Arthur Hallett (Arthur Hallett & Co.), 11, Hill Street, Wrexham.
- PASKINS, MORGAN ARTHUR, Clerk to Maclean, Hunter & Co., 23, Lockyer Street, Plymouth.
- PAYNTER, HUGH, Clerk to S. G. Morris (Spence, Paynter & Morris), 6, Wardrobe Place, Doctors' Commons, London, E.C.4.

## INTERMEDIATE—(Continued)

- PEATEY, WILLIAM CHARLES, Clerk to E. Woodley (R. M. Blaikie & Co.), 27, High Street, High Wycombe.
- PENNINGTON, THOMAS, Clerk to John R. Burne & Co., District Bank Chambers, 3, Darley Street, Farnworth, Lanes.
- PENNY, NORMAN PARKER, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- PETERS, FRANK WILLIAM ARTHUR, Clerk to Herbert C. Bunn (Wright, Fairbrother & Steel), 34-36, Gresham Street, London, E.C.2.
- PHILLIPS, DOREEN SPENCER, Clerk to P. E. Robathan, Imperial Buildings, Mount Stuart Square, Cardiff.
- PHILLIPS, JOHN CLIVE, Clerk to R. Bromley (T. E. Lowe & Co.), Grosvenor Chambers, 73, Lichfield Street, Wolverhampton.
- PHILLIPS, LESLIE, Clerk to R. Horsefield, 8, Peter Street, Manchester.
- PLATT, NORMAN JAMES, Clerk to E. W. Johnson (Holmes & Turner), Arcade Chambers, Wigan.
- PLUMTREE, FRANK EDWARD, Clerk to Blackburns, Coates & Co., 2, East Parade, Leeds.
- POWER, PATRICK ANTHONY, Clerk to W. A. Kenny (Purtill & Co.), 33-34, Anglesea Street, Dublin.
- PRING, HERBERT ERNEST JOHN, Clerk to Whinney, Smith & Whinney, 4b, Fredericks Place, Old Jewry, London, E.C.2.
- RADFORD, ROY, Clerk to Clare Catley, 6, Westborough, Scarborough.
- RAWLINSON, DENIS JAMES, Clerk to Walter F. Whiting (Larking, Larking & Whiting), Bridge Buildings, Wisbech.
- RAY, ALFRED GEORGE, Clerk to Viney, Price & Goodyear, Empire House, St. Martin's-le-Grand, London, E.C.1.
- RILEY, ARTHUR WILLIAM, Clerk to Kingham, Attenborough & Co., 9-10, Fenchurch Street, London, E.C.3.
- RIX, EDWARD TORRINGTON, Clerk to Cooper & Cooper, 49, Eastcheap, London, E.C.3.
- ROBINSON, ARTHUR GEORGE, Clerk to H. G. Large, 6, Laurence Pountney Hill, Cannon Street, London, E.C.4.
- ROGERS, ARTHUR LESLIE, Clerk to Drury, Thurgood & Co., 114-120, Mansion House Chambers, 11, Queen Victoria Street, London, E.C.4.
- ROOUM, EDWARD ELLISON, Clerk to Armitage & Norton, Martins Bank Chambers, Tyrrel Street, Bradford.
- ROYLE, LEONARD, Clerk to Charles E. Rogerson (Geo. A. Marriott, Rogerson & Co.), York House, 12, York Street, Manchester.
- RUSHWORTH, CLIFFORD MAXWELL, Clerk to Tom Coombs (Thomas Coombs & Son), Oxford Chambers, Victoria Square, Leeds.
- RUSSELL, FRANCIS THOMAS, Research Officer's Department, Port of London Authority, London, E.C.3.
- RUSSELL, PETER MARSHALL, Clerk to R. Duncan Burnet (J. Cyril Page & Co.), 51, North John Street, Liverpool.
- SAMPSON, GILES TALBOT, Clerk to B. W. Antoine (Stephenson, Smart & Co.), 81, High Street, Scunthorpe.
- SANDERS, HAROLD SEYMOUR, Clerk to Roland C. Larking (Larking & Larking), Orford Place, Norwich.
- SHARP, ARTHUR CECIL, Clerk to Alfred Wroot, 7, West St. Mary's Gate, Grimsby.
- SHAW, LEONARD WALTER, B.Sc., Clerk to Price, Waterhouse & Co., 3, Fredericks Place, Old Jewry, London, E.C.2.
- SILBURN, REUBEN, B.A., Clerk to Spicer & Pegler, 19, Fenchurch Street, London, E.C.3.
- SIMON, WILLIAM HODGSON, Clerk to C. N. Kennedy (Barwick, Kennedy & Co.), National Provincial Bank Chambers, Cockermouth, Cumberland.
- SIMPSON, CYRIL, Clerk to Carlill, Burkinshaw & Ferguson, 2, Parliament Street, Hull.
- SIMPSON, CYRIL WYATT, Clerk to Leslie Lewis (Ransom, Harrison & Lewis), 11, York Street, Sheffield.
- SIMPSON, FRANK ERNEST, Clerk to Prideaux, Frere, Brown & Co., 12, Old Square, Lincoln's Inn, London, W.C.2.
- SIMPSON, GEORGE WALTER, Clerk to Stanley H. Smith (Slater, Chapman & Co.), Viaduct Chambers, 38, Holborn Viaduct, London, E.C.1.
- SISSON, ROBERT NICHOLAS, Finance Department, Chislehurst and Sidcup Urban District Council, Sidcup Place, Sidcup.
- SLATER, DERRICK SPENCER, Clerk to William A. Judge, High Street, Skipton.
- SLOUGH, DONALD STANLEY, Clerk to Lord, Foster & Co., 37, Walbrook, London, E.C.4.
- SMITH, ALBERT ERIC, Clerk to W. Charles Cattell (Cattell & Chater), Bank Chambers, High Street, Kettering.
- SMITH, CYRIL, Clerk to Harry Cunningham (Harry Cunningham & Co.), 189, Norfolk Street, Sheffield.
- SMITH, HENRY FRANCIS, Clerk to Edward S. Goulding, 19, Sweeting Street, Liverpool.
- SMITH, THORNTON, Clerk to Joseph Miller & Co., 18, Market Street, Newcastle-upon-Tyne.
- SORSKY, MYER, Clerk to Ralph Pinto & Co., 229-231, Gresham House, Old Broad Street, London, E.C.2.
- SPARLING, NORMAN WILLIAM NEWSON, Clerk to Percy Mason & Co., 64, Gresham Street, London, E.C.2.
- SPENCER, BASIL GEORGE, County Accountant's Department, County Buildings, Stafford.
- STEVENS, WALLACE LLOYD, Clerk to Reginald R. Johns, King's Chambers, 4-6, King's Road, Southsea.
- STILES, HOWARD WILLIAM, Clerk to D. Hubert Jones (H. & W. Jones), 2, De la Beche Street, Swansea.
- STITT, JOHN ANDERSON, Clerk to E. J. Williams (E. J. Williams & Co.), 14, Lowther Street, Carlisle.
- STURGESS, WILFRED ARTHUR, Clerk to W. Oldfield (W. Oldfield & Co.), Lloyds Bank Buildings, 43, Gallowtree Gate, Leicester.
- SWAIN, REGINALD FRANK PALMER, Clerk to F. G. Price (Blackburn, Price & Co.), 76, Victoria Street, London, S.W.1.
- TANDON, PYARA LAL, formerly Clerk to S. B. Billimoria & Co., 32, Bharat Buildings, Lahore.
- TAPLEY, SAMUEL CHARLES, Clerk to W. E. Hughes (Brown, Topham & Partners), 14, North John Street, Liverpool.
- THOMAS, WILLIAM OWEN TREVOR, Clerk to Bertram Silcock & Co., Bold Street Chambers, 31, Bold Street, Warrington.
- THURMAN, LEONARD, Clerk to Prior & Palmer, General Buildings, Bridlesmith Gate, Nottingham.
- TIPPETTS, HAROLD ANTHONY, Clerk to Aston Wilde & Co., 45, Newhall Street, Birmingham.
- TROWBRIDGE, PERCIVAL JAMES, Clerk to Mellors, Basden & Co., Portland House, 73, Basinghall Street, London, E.C.2.
- TURNER, CHARLES BRIAN GODSELL, Clerk to Cash, Stone & Co., 48, Copthall Avenue, London, E.C.2.
- TURNER, HARRY GEE, Clerk to Victor A. Bell (Neaves, Bell & Co.), British Law Chambers, 38, Fountain Street, Manchester.
- TURNER, JACK, Clerk to Harold Wilkinson (J. W. Wilkinson & Co.), Eldon Buildings, Eldon Street, Barnsley.



**INTERMEDIATE—(Continued)**

- VARMEN, ARTHUR LESLIE**, Clerk to F. E. Price (Alban & Lamb), Barclays Bank Chambers, Newport, Mon.
- VICKERS, THOMAS ALFRED**, Clerk to R. York Rickard (Darr, Rickard & Co.), Royal London House, 17, Finsbury Square, London, E.C.2.
- WALDEN, DONOVAN ALFRED**, Clerk to Ivor H. Slater (Bradley & Slater), 582-584, Christchurch Road, Boscombe, Bournemouth.
- WALKLEY, FRANCIS LIONEL**, City Treasurer and Controller's Office, City Hall, Cardiff.
- WALTERS, ROY MABLEY**, Clerk to Arthur G. Mortimer, Prudential Buildings, 189, Hoe Street, Walthamstow, London, E.17.
- WARING, JOHN EDMOND**, Clerk to C. Clive Saxton (Saxton, Shaw, Brown & Co.), 14, Regent Street, Barnsley.
- WATKINS, IEUAN ILLTYD**, Clerk to P. A. Hayes (Alban & Lamb), 12, Pembroke Terrace, Cardiff.
- WATSON, JOSEPH CHRISTOPHER**, Clerk to Lawrence Jordan (Keens, Shay, Keens & Co.), 87, High Street, Bedford.
- WEBB, EDWARD DAVID**, Clerk to F. L. Thomerson, 7, Old Steine, Brighton.
- WEIGHTMAN, JAMES STANLEY**, Clerk to A. E. S. Barker, 20, Church Street, West Hartlepool.
- WHALLEY, FREDERICK EDEN**, Clerk to R. F. J. Ricks (F. Stokes & Ricks), Sherwood Buildings, Sherwood Street, Nottingham.
- WHITE, EDWIN HENRY**, Borough Treasurer's Office, Town Hall, Bournemouth.
- WHITEHEAD, RALPH GORDON**, Clerk to Edmund D. White & Sons, London and Lancashire Chambers, Dale Street, Liverpool.
- WILLIAMS, BERNARD**, Clerk to A. H. Crumpton (Morgan, Crumpton, Cappleman & Co.), Paragon House, Paragon Street, Hull.
- WILSON, ROBERT HARDAKER**, Clerk to Herbert Holmes, 45, Ropergate, Pontefract.
- WOOLLEY, JOHN STEPHEN**, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- WRIGHT, GORDON HUDDART**, Clerk to T. G. Green (Green & Minto), 37, Saddler Street, Durham.
- WYKES, NORMAN JAMES**, Clerk to James Moss (John W. Hirst & Co.), 28, Queen Street, Albert Square, Manchester.
- BISHOP, WILLIAM HENRY**, 16, Ronelean Road, Tolworth, Surrey.
- BRADBURY, HERBERT ARTHUR**, 117, Leinster Road, Rathmines, Dublin.
- BRIDGMOUNT, FRANK**, 5, Westlock Terrace, Leeds.
- BRITNELL, EDGAR GEORGE**, 253, Winchester Road, Highams Park, London, E.4.
- BROWN, ARTHUR**, 13, Long Bank Road, Wilkenton, Gateshead.
- CHAMPION, ARTHUR CECIL**, 28, Heston Road, Heston, Middlesex.
- CHILMICK, ALEXANDER**, 35, Oxford Gardens, London, W.10.
- CHRISTER, WILLIAM**, 45, Stephenson Road, Heaton, Newcastle-upon-Tyne.
- COOK, WILLIAM ARTHUR**, 16, Hayes Garden, Hayes, Kent.
- COUSEN, LESLIE**, 2, Scott Street, Barkerend Road, Bradford.
- COX, VIVIENNE MYRTLE**, 5, Heath Park Avenue, Cardiff.
- DEARDEN, ALBERT**, 52, Chesham Road, Bury.
- DEMPSEY, KEVIN**, 11, Oaklands Park, Ballsbridge, Dublin.
- DUNLOP, DAVID WALLACE**, Elsinore, Cloughfern, Whiteabbey, Belfast.
- ELSMORE, CYRIL DOUGLAS**, 82, Grove Road, Chadwell Heath.
- ENDERBY, GEOFFREY CHARLES**, 69, Haydn Road, Sherwood, Nottingham.
- GIBSON, JOHN WILFRED**, c/o 21, Gladstone Street, Anlaby Road, Hull.
- GIBSON, LAWRENCE MERVYN**, Winton, Penn Road, Wolverhampton.
- GOLDBERG, ISRAEL**, 5, Chapman House, Bigland Street, London, E.1.
- GOMMER, FREDERICK ARTHUR**, 44, Avenell Road, Highbury, London, N.5.
- GOULDING, FREDERICK JAMES**, 2, Arthur Road, Hythe, Kent.
- GRAY, JOHN CLIFFORD**, 14, Westerdale Road, E. Greenwich, London, S.E.10.
- HAIRE, HUGH**, 288, Upper Newtownards Road, Belfast.
- HAWKINS, NORMAN CECIL**, 2, Causeway Cottages, Ballycarry, Co. Antrim.
- HILL, DONALD JAMES**, 86, Packington Street, Islington, London, N.1.
- HOLLAND, HERBERT**, 9, Salters Lane, Eccles, Manchester.
- HOPKINS, EDWIN ARNOLD**, Belvedere, Church Hill, Wicklow.
- KNIGHTS, CLAUDE WILLIAM**, Franklyn, Wyberton West Road, Boston, Lincs.
- LINDRIDGE, MALDWYN HERBERT ANDREW**, 22, St. Denys Road, Southampton.
- MALYON, CECIL FRANK**, 187, Hurst Road, Sidcup.
- MANLY, NORBERT ERNEST**, 16, Handel Street, London, W.C.1.
- MILLER, ARTHUR**, 9, West Avenue, Wallington, Surrey.
- MURPHY, JOHN**, 108, Farranferris Avenue, Blackpool, Cork.
- OLIVER, GEORGE DIXON**, 14, Gladstone Street, Newcastle-upon-Tyne.
- PALMER, JAMES EDWARD**, 182, Middle Road, Sholing, Southampton.
- PARKER, TERENCE**, 25, Gillygate, York.
- PARKIN, BASIL HENRY**, 110, Wilford Road, Ruddington, Notts.
- PARSONS, WILLIAM**, 143, Birch Lane, Dukinfield, Cheshire.
- REID, GEORGE**, 21, Ravenhill Parade, Cregagh, Belfast.
- ROBINSON, ALBERT JAMES**, 277, Monega Road, Manor Park, London, E.12.
- ROTHWELL, KENNETH WALFORD**, 2, Stuart Cottages, Belmont Lane, Stanmore, Middlesex.

**SUMMARY :—**

8 Candidates awarded Honours.

234 Candidates passed.

248 Candidates failed.

490 Total.

**Passed in Preliminary.***Order of Merit.***BRIDGWATER, HILDRED IRENE**, Norfolk House, Dorridge, Nr. Birmingham. (*First Place Certificate.*)**ENGLAND, DENNIS JOHN**, 25, Bryanstone Road, Crouch End, London, N.8. (*Second Place Certificate.*)*Alphabetical Order.***ANDERSON, WILLIAM JOHN**, 3, Earlswood Road, Knock, Belfast.**ASHLEY, LEONARD ARTHUR**, 20, Molesey Flats, Calvert Avenue, Shoreditch, London, E.2.**ASHLEY, LAURENCE STANLEY**, 20, Molesey Flats, Calvert Avenue, Shoreditch, London, E.2.**BARROWCLIFF, ARTHUR IAN**, Stonyroyd, Oxbridge Avenue, Stockton-on-Tees.**BAXTER, CHARLES WILLIAM**, 12, Wardle Crescent, Gaws-worth, Nr. Macclesfield.

## PRELIMINARY—(Continued)

RYAN, GERALD THOMAS, 1, Forbes Street, Bredbury, Nr. Stockport.

SAVIDGE, JOHN CHARLES MAXWELL, Newton House, Brownlow Street, Weymouth.

SHIELDS, EDWARD, 1, Poplar Grove, Cave Street, Beverley Road, Hull.

SPENCER, SPENCER OWEN, Everest, Thoroughgood Road, Clacton-on-Sea.

STOKESBERRY, WALTER JONATHAN, 15, St. John's Avenue, Belfast.

WATERS, FRANCIS DONALD, 82, Haig Road, Plaistow, London, E.13.

YORK, WILLIAM EDWARD, 4, Campbell Street, Mount Pleasant, Swansea.

YOUNG, WILLIAM ROBIN MITCHELL, 41, Wardlaw Avenue, Rutherglen.

## SUMMARY :—

2 Candidates passed.

54 Candidates awarded Honours.

74 Candidates failed.

130 Total.

## THE PUBLIC TRUSTEE'S REPORT.

The following is the Report of the Public Trustee covering the twelve months ended March 31st, 1936 :—

1. Expenses amounted to £295,922 and receipts to £319,997; last year's figures were £288,338 and £316,111 respectively; the surplus for the year thus amounted to £24,075, as compared with last year's surplus of £27,773. Salaries increased by £7,830 of which £4,680 is accounted for by normal increments and £3,150 by the restoration of the balance of the emergency abatements of salary. Rent, maintenance, lighting, &c., was less by £639. Postages and telephones were more by £463 and the reserve for pensions was increased by £533.

2. The staff at March 31st, 1936, numbered 830, showing an increase of six.

3. The number of new cases accepted during the year was 971, as compared with 1,003 last year. The total aggregate value of new business, including accretions to existing trusts, was £14,101,076, as compared with £14,043,579 last year.

4. The average value of trusteeships and executorships during the year was £10,399 and £19,452 respectively. Last year's figures were £10,778 and £16,718.

5. Of the cases accepted during the year, approximately 59 per cent. were under £5,000 in value.

6. The total number of cases accepted since the institution of the office in 1908 to March 31st, 1936, is 33,156, of which 14,206 have been completely distributed, leaving 18,950 under administration, an increase in the year of 179, as compared with an increase of 190 last year.

7. The nominal capital value of the funds now under administration is £216,244,144 (in addition to landed property and settled land estimated at £53,000,000 and cash at bank of, approximately, £2,500,000), an increase of, approximately, £2,680,000.

8. The only loss which occurred during the year was one of £10 due to misappropriation of trust funds. The whole sum was recovered.

9. I am glad to be able to report that the accumulated deficits incurred in the past on the working of the Manchester Branch Office have now been cleared off. The number of cases accepted by that office shows a decrease of seven and the number of cases under administration an increase of 79.

## Local Authorities and the Money Market.

A PAPER read at the Annual Meeting of the Institute of Municipal Treasurers and Accountants at Blackpool on June 18th by

## MR. REGINALD McKENNA.

Mr. McKENNA said: When you honoured me with an invitation to address you two alternative subjects were suggested to me; the first, Local Authorities and the Money Market, and the second, the Relationship between Local Authorities and their Bankers. Seven years ago I had the honour of addressing you at Hastings, and I recalled that my subject then was the first of these two themes. I was naturally disposed in consequence to choose the second, but on reflection I soon found myself in difficulties. To every relationship there must be at least two parties, and it is quite possible that the description of the relationship given by one may not seem convincing to the other. It appeared to me indeed that the topic, when looked at closely, gave hardly any scope for discussion at all. I did not see how I could get very much beyond a positive statement that the relationship between local authorities and their bankers is very good.

For this reason I selected the first of the two topics which in the circumstances had the advantage of directing attention to the changes that have occurred in the course of seven years. Let me begin by glancing at the general economic situation seven years ago and to-day. The similarities in the conditions are noteworthy. The year 1929 was marked by a continuance of the business recovery which had been taking place for some time; judged by earlier post-war standards, trade was good and employment was steadily increasing. In 1936 also the conditions can properly and perhaps more definitely be described as good. Comparing the actual volume of trade in the two periods I find the indices of industrial output and general business activity are higher now than in 1929, and the number of persons earning wages is larger by nearly half a million. Against these increases, however, we must allow for the addition of well over a million to our population, with the result that there is a remarkable correspondence between the extent of our business activity now and seven years ago. Here, however, the resemblance in the economic situation ends. Happily there is strong reason to hope that 1936, unlike 1929, will not prove to be the peak of the upward movement. The ground on which recovery has been built is much firmer, and the speculative element in the business situation, which seven years ago gave cause for anxiety, is confined to-day, so far as it exists at all, within narrow limits.

When we turn to the money market position, we see instead of a similarity a complete contrast between 1929 and 1936—a contrast on which the expectation of a continuance of the economic improvement may be based with some assurance. In June, 1929, the Bank rate was  $5\frac{1}{2}$  per cent.; to-day it is 2 per cent. The rate for Treasury Bills was then over 5 per cent.; it is now a little over  $\frac{1}{2}$  per cent. Issues of new capital in the London market for local authorities during the whole of 1929 amounted to only £800,000; in the first five months of this year they have reached £16,700,000. The approximate interest charge upon local authorities for their issues seven years ago was over  $4\frac{1}{2}$  per cent.; to-day it is just over 3 per cent. Finally, the average market price of corporation securities now is rather over 30 per cent. higher than in 1929.

## INTEREST RATES.

The crucial difference between the underlying conditions in 1929 and 1936 lies in the low cost of borrowing. The high interest rate in the earlier period discouraged capital construction and put an end to the reviving prosperity; the low interest rate of the last four years has opened wide the way to capital construction, and until we arrive at a condition of full employment we may look for a continuance of the trade revival under the beneficent influence of cheap money. We are a long way still from full employment, which could probably be regarded as attained if the figures of unemployment were reduced to something under a million. The prospect of reaching that goal is favourable, provided we can be certain that interest rates will remain low. But what assurance have we that the causes which necessitated a 5½ per cent. Bank rate in 1929 will not operate again?

Many people, basing themselves as they say upon the hard facts of experience, doubt very seriously the practicability of maintaining the present low level of interest rates. They anticipate that a time will come in the ordinary course of trade recovery when, with an increase in the demand for credit, the cost of credit, that is to say, interest rates, will inevitably rise. To take this view, however, is to overlook the change in our system of money supply, for it implies that the volume of money available is fixed and unalterable, or that, if it fluctuates at all, it does so for reasons quite irrelevant to the needs of business. This, indeed, would be a true description of our system as it operated on a gold standard, and so long as we were on that standard it was not possible to make the needs of business the determining consideration in regulating the volume of money. We cannot therefore be surprised if the long experience of past years tends to confirm the notion of a "natural" rise in interest rates as the volume of business grows.

Now, however, that we have departed from the gold standard our monetary authorities are at liberty to give first place to the requirements of business. We know that the trade recovery attained thus far has been unaccompanied by any appreciable rise in interest rates, and all that the monetary authorities have to do, if the requirements of business continue to increase, is to add further, as required, to the volume of money. There need be no rise in its cost to the legitimate borrower if its quantity is increased in accordance with the demand. I emphasise the word "legitimate" as the authorities would no doubt restrict the supply of money if more were taken to finance speculation. This relative freedom to meet the demand for credit is indeed one of the most striking benefits resulting from our adoption of a scientifically regulated money system, and there is nothing inherent in that system, as it now operates, to warrant the suggestion that cheap money must come to an end as soon as trade recovery passes a given point.

Another doubt of the stability of our recovery is often expressed, and I think it is worth mentioning although it is not directly germane to our subject. It is said that our recovery can only be precarious unless foreign trade is restored in full measure. We would all gladly see an end of the extravagant nationalism in economic affairs which regards every purchase in a foreign country as a national loss. It will be a happy day for the world when quotas, prohibitions, restrictions and bounties in trade are relegated to the limbo of forgotten things. I do not think, however, that our own internal power of recovery is as yet by any means exhausted. In the last seven years a considerable change has taken place in the composition of the country's business. It is estimated that in 1929 nearly one-quarter of our production was for export,

whereas to-day the proportion is probably only one-sixth. Our departure from gold in 1931 and the various trade agreements with other countries have, it is true, helped to maintain and bring about some increase in our exports notwithstanding the innumerable obstructions to international trade, but it is none the less the fact that the recovery in business during the past few years has been essentially internal in origin, springing from a remarkable expansion of home demand for the products of our industries. Why should the recovery not continue? So long as the present wise financial policy is maintained, and so long as any large body of efficient labour still remains to be absorbed in employment, there is no reason to anticipate a check to our upward movement.

Now let me bring my subject right home to you. Local Authorities are borrowers, and their primary concern as borrowers is that the rate of interest should be low. In the last four years they have raised about £100 millions by new public issues in the London market. Much of this total has been applied to new capital construction, but a large part has been devoted to repaying mortgage debt contracted at higher interest rates, while in addition the pure conversion issues have totalled £35 millions. The average yield on these new issues has fallen from 4½ per cent. early in 1932 to just over 3 per cent. at the present time. Further, quite apart from the London capital market proper, which is only one of the sources of funds available to local authorities, it has become possible for them to arrange loans for fixed periods of five, seven or ten years, on advantageous terms from joint stock banks—a novel form of finance which is often very convenient to local authorities in enabling them to spread their maturity dates while assuring a low rate of interest. Again, they have been able to obtain loans from private lenders, such as insurance companies, and temporary accommodation from the banks at considerably lower rates than before. And finally, those authorities who enjoy the narrowly limited right to borrow on bills are able to do so at a cost which is almost ludicrously low.

## CONSEQUENCES OF CHEAP MONEY.

We may, then, summarise under two broad headings the consequences of cheap money in the field of local government finance. First, it has encouraged authorities to go forward with desirable schemes of capital construction, lightening the burden placed upon the ratepayers for interest and improving the prospects of profitable operation of trading services. And secondly, it has reduced the weight of existing debt charges. I calculate that an average reduction of only ½ per cent. in the rates of interest charged on all local government debt is equivalent to a reduction of threepence in the pound in the annual rate levied, a fact which gives ratepayers a very pleasing conception of one at least of the direct benefits of cheap money. Unhappily, it has not yet been possible to effect a reduction in interest rates on the outstanding debts of smaller authorities to the Local Loans Fund; but the provisions in last year's Finance Act relating to this subject indicate that the Government has not entirely given up hope of facilitating a conversion operation which would make that most desirable step practicable.

The present easy relations with the money market have encouraged local authorities to undertake capital works on a large scale, thus furthering their remarkable development as business institutions. You have recently been celebrating, I believe, a century of local government in its present form, but we need not go so far back as a hundred years to see an amazing growth in the responsibilities of local authorities. Since the war they have spent a total approaching £2,000 millions on capital works, some both socially and financially reproductive,



others only socially. Contrary to the wilder assertions of some critics, that enormous total has on the whole been judiciously spent, and it is indisputable that the condition of the people has as a consequence been greatly improved. The biggest single item in the total is for housing, but public health and education, roads and bridges, and trading services have all shared in it. Much of the expenditure yields a return to cover interest charges as well as running costs, upkeep and depreciation. Where this is not so, the expenditure was to meet a socially necessary requirement, the cost of which the ratepayer could properly be asked to bear.

It is much to be desired that the public should realise more clearly than they do how great a task of business management is represented in these figures. The local authorities of this country, employing hundreds of thousands of workers in a wide variety of activities, have the duty entrusted to them of disbursing more than £500 millions a year of public money, and their net outstanding debts, excluding temporary accommodation, exceed £1,500 millions. The bare statement of such figures causes alarm in some minds; it ought rather, when a comprehensive view is taken of the whole field of local government, to give rise to feelings of confidence and gratitude. The local authorities have wide statutory powers to spend money and levy rates; they have varied and extended duties imposed upon them which they are bound to fulfil; and it says much for the public spirit of members of local governing bodies and for the skill and integrity of local government officers that the responsibility of management in the public interest is carried out so faithfully and efficiently as we know it to be.

Perhaps I may be allowed to say that these figures emphasise also the importance of some authoritative suggestions which I am sure are receiving the earnest consideration of local government officials; in particular the desirability, upon which the Ray Committee laid stress, of systematic budgeting of capital requirements over a period of several years. This becomes more and more obvious as the figures of aggregate debt and of capital expenditure increase. When we reflect that local authorities together make an annual demand for £50 millions or more of the Nation's savings, and invest over £100 millions a year in new capital works, the need of a long view in raising and spending of capital funds of this magnitude is self-evident.

Let me put the matter in another way and at the same time support a further suggestion. In giving you a comparison based on 1929 and 1936 I referred to the rate at which local authorities can borrow in the capital market. The rate varies slightly for different authorities, but as we are meeting in Blackpool I will take the rate for that borough as an example. The last issue made by Blackpool in February of this year was of 3 per cent. at par to be repaid in 1957. The nearest corresponding Government issue is the 2½ per cent. Funding Loan repayable in 1956-1961. The yield on the Blackpool loan is 3 per cent.; the yield on the Funding Loan is 2½ per cent. Thus the credit of Blackpool stands very nearly as high as the credit of the nation.

#### CREATION OF RESERVES.

A high level of credit is another name for cheap borrowing, and local authorities have their part to play, along with the monetary authorities, in maintaining the excellent credit which they now enjoy. There is, therefore, much to be said for a recommendation, made by the Minister of Health in his latest annual report, which directly serves to maintain local government credit. The recommendation is that local authorities should, whenever possible,

set aside the income from a small additional rate for covering a part of their capital expenditure, and thus ensure that the creation of new debts shall not outstrip the accumulation of fixed assets. Already the interest charge on local authorities' debts absorbs the equivalent of about two-fifths of their total income from rates, and this fact alone is sufficient to show that all practicable steps should be taken to keep within reasonable limits the inevitable growth of debt—I say inevitable because of the actual growth in the responsibilities placed upon local authorities by Parliament.

Incidentally, this enlargement of the field of public activity makes it more necessary to keep ratepayers well informed on the finances of their respective local authorities, and I would like, if I may, to congratulate the officers responsible for the progress achieved in this direction in recent years. It is not easy to present financial records in the short and simple terms that the layman can readily understand; but some of the attractively presented statements I have seen lately have shown how much can be done by perseverance and ingenuity in this task, a task which, if skilfully accomplished, contributes greatly to the smooth working of an intelligent democracy.

Perhaps at this point it will be permissible for me to utter a complaint, though I cannot say specifically where the fault lies. In preparing my address I have been struck by the fact that I am unable, from want of material, to study the course of local government finance as a whole beyond a date now more than three years past. As one who has had a little experience in these matters, I can well imagine that insuperable obstacles stand in the way of adopting the suggestion that total estimates of local authorities' revenues and expenditure should be presented in Parliament at an early date after the central Government's budget. It should not, however, be beyond the combined capacity of local government officers and the Ministry of Health to devise a means of informing the public more promptly than under present arrangements on such important matters as the growth of local government debts and the major figures of revenue and expenditure.

#### AVOIDANCE OF STRAIN ON THE CAPITAL MARKET.

Before I conclude, let me refer to one other matter affecting the relations of local authorities with the money market. The process of borrowing, as well as that of capital expenditure, has been brought under some degree of central regulation. We may regard this step as a part of the whole trend of development towards the more efficient regulation of the nation's monetary affairs to which I drew your attention a few minutes ago. I suppose at this stage no one doubts the necessity, in the interests of all parties, of regulating the flow of new capital into the channels of local government finance. The interests of the local authorities themselves require that undue strain upon the capital market, resulting in higher costs of borrowing, shall as far as possible be avoided; and the interests of industry demand that the development of private enterprise shall secure its due share of the Nation's capital resources. I say nothing of the interests of the Government, as the greatest borrower of all. The present arrangements may perhaps be subject to criticism on questions of method or details of administration; I do not know whether this is so or not, but the principle of regulation can by now hardly be contested. The time has come when our domestic monetary conditions and the closely related position in the capital market should be regulated with full regard for the relative needs of the three great sections of our economic organisation—the central government, local government and private enterprise. As between the first two of these, it must never be

forgotten that the taxpayer and the ratepayer are merely one person with two pockets, and that it is injurious to his financial stability, no less than to his peace of mind, not to let his left-hand pocket know what is happening to his right.

May I end with a personal observation? In some respects the British citizen is singularly fortunate, but here I will mention only one matter on which he may heartily congratulate himself. Again and again in meeting bankers and public men from abroad, I have been impressed by their remarks upon the high standards of integrity and efficiency maintained in our public services. The compliment is directed by no means solely to what is more narrowly called the civil service; the qualities which have made our civil service by general consent at least as good as any in the world are no less fully displayed in the administration of our local government. I will conclude with the observation that the maintenance of this happy condition is perhaps the greatest single contribution your Institute can make to stability and efficiency in the conduct of our nation's affairs.

## UNION OF SOUTH AFRICA.

### Report of Accountancy Profession Commission.

In 1934 a Commission was appointed by the Governor-General of the Union of South Africa to advise and report as to :—

- (1) Whether it is advisable to place the profession of accountancy and auditing within the Union of South Africa on a unified basis by the incorporation of a representative body having control over the whole profession and keeping a register in which should be inscribed the names of all qualified members of the profession, and, if so.
- (2) The method by which such register should be established and controlled.

#### SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

The Report of the Commission has now been issued, and the following is the Summary which they give of their conclusions and recommendations :—

1. The present anomalies in the accountancy profession in the four Provinces are highly undesirable, and it is essential, in the interests both of the public and the profession, that the present divergence of practice should be replaced by a uniform system.
2. The establishment of a register of accountants has become a practical and urgent necessity, and we recommend the introduction, at an early date, of legislation providing for a compulsory register.
3. In such legislation regard must be had to existing rights, which are actually being exercised in the making of a living by the persons concerned, but such rights must not be extended in the case of unqualified persons.
4. On the register shall be placed the names of :—
  - (a) All members of the four South African Chartered Societies ;
  - (b) All persons in the Cape Province and the Orange Free State who have been in *bona fide* practice as public accountants during 1934 under a Government licence.
  - (c) The limited number of persons who satisfy the Provisional Board that they have professional qualifications of a sufficiently high standard, both by examination and practical experience, and
  - (d) Accountants from overseas with qualifications at least equivalent to those of Chartered Account-

ants (S.A.), provided that they pass a special examination in South African law before being allowed to practise.

5. Persons enrolled shall be entitled to the designation "Registered Accountant and Auditor."

6. After completion of the initial register and the enrolment thereon of all persons entitled to inclusion under (a), (b) and (c) of No. 4 above, no other person shall be allowed to practise as a public accountant or auditor unless he has first become a Chartered Accountant by admission to one of the four South African Chartered Societies.

7. Registered Accountants and Auditors who are not members of the Chartered Societies, but who have had sufficient practical experience, may qualify by examination for admission to these Societies and so become entitled to use the designation Chartered Accountant (S.A.)

8. A Provisional Board shall be established, consisting of two nominees of the Minister and one nominee of the Chartered Societies, which body shall be charged with creating the Register and acting in all matters relating to the discipline and control of the non-Chartered Accountants.

9. There shall be a permanent Accountancy Board consisting of a nominee of the Minister, representatives of the Chartered Societies and of the Universities, which shall ultimately be the only body in control of examinations and all matters connected with the profession except domestic affairs.

10. Although the Accountancy Board will deal with all matters of Union importance, complete centralisation is impracticable, and a measure of provincial independence in administration, according with the constitutional framework of the Union, should be allowed to the four Chartered Societies.

11. The high professional status of the South African Chartered Societies and the title Chartered Accountant (South Africa) have become recognised both in South Africa and abroad, and should be maintained.

12. No other South African Society has attained a status entitling it to equal recognition with the four Chartered Societies.

13. It is unnecessary and undesirable to recognise any overseas Society as a Society, and recognition of accountants, other than members of the four Chartered Societies, should be by individual qualification and not by virtue of membership of any Society.

14. Training under articles is essential and future admission to the register should be only by the recognised channel of articles and examination in accordance with the rules of the four recognised Chartered Societies.

15. Only such Registered Accountants and Auditors as are members of the South African Chartered Societies shall train and have articled clerks.

16. Control and discipline of the profession shall, as regards the chartered ranks, be vested in the Councils of the four Societies, and, as regards Registered Accountants and Auditors other than Chartered Accountants (S.A.), in the hands of the Provisional Board.

17. The recommendation for consolidating and unifying legislation is made on the basic assumption that the scheme will provide a final solution, and that there will be no relaxation of the rules controlling admission, no further concessions demanded and no further fundamental changes in policy.

[We are informed that the position so far as Incorporated Accountants are concerned is being carefully watched by the Council of the Society in London and the Branches in South Africa.—Eds. I.A.J.]

## Obituary.

### WILLIAM CROMPTON.

The death occurred on June 15th of Mr. William Crompton, F.S.A.A., a partner in the firm of F. Walmsley and Co., Incorporated Accountants, Manchester. Mr. Crompton became a member of the Society of Incorporated Accountants and Auditors in 1900, and was admitted a Fellow in 1924. He was 61 years of age, and had been associated with Messrs. F. Walmsley & Co. for over 40 years, being admitted to partnership in 1910.

### ERNEST BOWMAN RAWLINSON.

It is with regret that we record the death, at the age of 70, of Mr. Ernest Bowman Rawlinson, F.C.A., A.S.A.A., senior partner in the firm of Rawlinson, Smith & Mitchell, Bradford, and a partner in the firm of Geo. Little, Rawlinson & Mitchell, St. Albans. Mr. Rawlinson was admitted an Associate of the Society of Incorporated Accountants in 1902, and commenced practice in Bradford in partnership with the late Mr. Edgar A. Mitchell, A.S.A.A. At the time of his death he was Secretary of the Bradford and District Master Printers' Association, an appointment he had held for the past twenty years. He was also Secretary of the Bradford Merchants' Association. During the war Mr. Rawlinson rendered valuable service to the Wool Control Committee. By his death Greenfield Congregational Church, Bradford, loses a valued worker. A prominent Freemason, he was Worshipful Master in 1909 of the Lodge of Hope (302), and one of the oldest Past Masters, a Past Provincial Grand Deacon of the Provincial Grand Lodge of Yorkshire (West Riding), and Past Master of the M.W.S. John O'Gaunt Chapter of Rose Croix.

## Changes and Remobals.

Messrs. E. R. Carr & Co., Incorporated Accountants, have removed their offices to 33, Bowling Green Street, Leicester.

Mr. L. M. Oakes, Incorporated Accountant, is now practising at 4, London Wall Buildings, London, E.C.2.

Messrs. W. H. Payne & Co., Incorporated Accountants, have removed their offices to 3, Abchurch Yard, Cannon Street, London, E.C.4

Mr. Samuel G. Peach, Incorporated Accountant, announces a change of address to Hinton Buildings, Hinton Road, Bournemouth.

Mr. John Pötter, F.S.A.A., and Mr. Clement David Harrison, F.S.A.A., practising as Incorporated Accountants, under the firm name of John Pötter & Harrison, at 22, Birley Street, Blackpool, give notice that as from the first day of January, 1936, they have assumed as partners Mr. Harold Denner, Chartered and Incorporated Accountant, Mr. J. Derie Caine, Incorporated Accountant, and Mr. Maurice Naylor, Incorporated Accountant, and that the practice will in future be carried on at the same address without any alteration in the firm name.

Mr. Arthur A. Reeves and Mr. Jack M. Richards, practising as Arthur A. Reeves & Co., Incorporated Accountants, 2a, Tyrrel Street, Bradford, announce that, as from June 1st, 1936, they are also carrying on business at Court Chambers, Great Grimsby, and at Town Hall Chambers, Bakewell.

## The Future of Gold Supply.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London and District by

MR. W. J. BUSSCHAU, M.Com., C.A. (S.A)

The chair was occupied by Mr. A. S. WADE, City Editor of the *Evening Standard*.

MR. BUSSCHAU said: The title of my address suggests an essay in fortune-telling, and I must explain at the outset that I want to make no definite prediction. I want to examine critically the factors involved in gold production, and the future trends as they appear at the moment, and on the basis of these we may perhaps decide what are reasonable expectations. Any view as to the future of gold must be at the moment nothing more than an expectation, and at its best one with a very considerable degree of uncertainty. Further, too, whether such an answer is attempted by a gold miner himself in the rush of activity in some subterranean passage, perhaps a mile underground, or by a gold-mining director in the serene ease of a city banquet, the answer must in both cases be by its very nature one arising out of theory. If the same facts are available to both, differences in the answers may arise only out of interpretation, i.e., out of the theoretical treatment. In addition to the facts of the moment there are required assumptions as to the future behaviour of mortals, and here again in the difference between the assumptions stated and hidden, of our two witnesses, may lie a further reason for divergence of views.

But to return to the assumptions. The activity in the City of London day by day proceeds on the basis of assumptions. No one knows with a very great degree of certainty what is likely to happen to-morrow, and almost every operator in any market bases his actions on assumptions as to the behaviour of his fellows. In a sense this is rather frightening, this state of almost total blindness in which we fumble. So perhaps the lucky speculator who just comes off, like the blind man who just reaches his objective, may conclude that there is attached to him great powers of wisdom. Success in the market is sometimes said to be the result of a "flair," but it is more than that; it is rather the ability to choose the right assumption, and that cannot be merely the outcome of chance. The importance of the practical man lies in the reliability of his assumptions, since on this depends the measure of his success. In fact a knowledge of what constitutes the expectations of the market is badly needed; any complete explanation of the trade cycle must take it into account, since on expectations depend not only the current value of assets of all kinds, but also the demand for money in relation to the ruling rate of interest, the amount of investment and, finally, the amount of employment.

We have to consider then the facts, various sets of probable assumptions, and on these base expectations. The facts of the behaviour of gold in the post-war period are so well known that I can immediately pass them over, and consider assumptions. Here the difficulty arises. It may happen that in the future there will arise very strong feelings, almost fanatical in intensity, against the use of gold as money. We have past examples in the strong feelings aroused by Mr. Bryan's phrase: "Mankind crucified on a cross of gold," and Signor Mussolini's declaration that he would defend the lira with his blood. On the other hand one sometimes finds an almost religious belief in gold as money metal. I have met in London someone, well known in mining circles, who believes that by divine decree gold is money metal. In his view no



doubt a change in parity, in the price of gold arbitrarily fixed by Sir Isaac Newton, would amount almost to sacrilege. No doubt, too, the supply of the precious metal would be so controlled by the divine powers as to ensure economic prosperity, or if this be a God of joy and pain, we should probably get the fluctuations we call the trade cycle. Absurd, perhaps. Yet perhaps no more absurd than some of the views expressed by many supporters of what the Americans call "sound" money. But I must stop this in fear lest some quick mind demolishes my criticism with the aid of some agile interpretation of scripture.

#### MR. KEYNES AND GOLD-MINING.

Actually, of course, the whole business of gold-mining is anything but a natural economic process. It is a highly artificial method of providing currency. Consider, for example, an analogy given by Mr. J. M. Keynes in his latest book ("The General Theory of Employment, Interest and Money," pp. 129-130.) Discussing public expenditure as a means of relieving unemployment, he says:—"If the Treasury were to fill old bottles with banknotes, bury them at suitable depths in disused coal-mines which are then filled up to the surface with town rubbish, and leave it to private enterprise on well-tried principles of *laissez-faire* to dig the notes up again (the right to do so being obtained, of course, by tendering for leases of the note-bearing territory), there need be no more unemployment, and, with the help of the repercussions, the real income of the community, and its capital wealth also, would probably become a good deal greater than it actually is. It would, indeed, be more sensible to build houses and the like; but if there are political and practical difficulties in the way of this, the above would be better than nothing. The analogy between this expedient and the gold-mines of the real world is complete."

"Just as wars have been the only form of large-scale loan expenditure which statesmen have thought justifiable, so gold mining is the only pretext for digging holes in the ground which has recommended itself to bankers as sound finance; and each of these activities has played its part in progress—failing something better."

This analogy is not complete as Mr. Keynes suggests. The mining of his Treasury notes would to the producers yield the same revenue as the mining of the solid metal, but to the banking system which acquires the notes in the one case and the gold in the other there is an important difference between the two cases. In the first there is an increase of claims, legal-tender money, available within the country, and not directly available for export. One can export gold more easily than one can export banknotes. Gold can directly be translated into any foreign currency. Put quite simply, the production of gold for export is like a commodity export, the production of banknote mining gives the producers command over their national currency.

In this difference lies the actual importance of gold, in the fact that gold has an international command over currency, and, while some countries remain on the gold standard, a command over a definite number of the currency units of these gold bloc countries. This means that the translation of the value of assets into gold can give a security, which is not possessed by holdings of notes. In our recent experience this process of tying up value or "storing" it in gold has been a conspicuous practice. Indeed, to a Frenchman who early in 1931 placed some of his surplus funds in a Bank of England deposit, and some in the purchase of a block of gold, the gold holding has up to date been much safer. Or again, if he chose gold shares instead of the metal, his position

would have improved by this holding, and been weakened by the depreciation in terms of francs by the deposit. In fact, therefore, and almost surprisingly, gold shares have been to him a safer store of value than a Bank of England deposit. On the whole though, this is a conclusion one should have expected. In the post-war period there has throughout the world been a deflation process at work. The breaking of the link with gold by various countries has represented a break with deflation rather than anything else, since country after country found that the maintenance of a national gold standard under the accepted rules condemned them (as it were without the possibility of appeal) to a policy of credit contraction. As the whole movement has, therefore, meant a corrective to deflation, *i.e.* an inflation or reflation (call it what you will), it necessarily meant a depreciation of paper currencies, and as some countries remained on gold, or devalued, it gave inevitably an appreciation of gold in terms of the non-gold or of the devalued currencies.

But let us suppose that all the countries in the world abandoned gold, would the demand for gold, in terms, say, of South African currency, remain? We can consider this question only with the aid of assumptions. Mr. John Martin has declared with confidence that:—

"Even if the Governments of the different countries of the world are unwilling to return to the old gold standard by putting a fixed price in currency on gold and committing their monetary authorities to the purchase and sale on demand of gold at such fixed price, the ordinary working of trade will always put a price on gold and see to it that gold will move in a settlement of international payments that cannot otherwise be made. And as long as we can foresee such a development we need not share the fears that some observers have now and then expressed that, with the passing of the old international gold standard, gold would lose all its old value and sink to the value of a base metal. So far our experience has been the exact opposite, and there is no reason to expect any different experience in the future."

#### THE PRICE OF GOLD.

There are a number of separate ideas in this passage. First there is the "store of value" idea, and secondly the idea of the need for a commodity to settle international balances. There must as between regions, say Kent and Sussex, arise differences on annual account of their payments, but no difficulty comes in settlement, and certainly no need for the transference of gold arises. The reason is obvious. If Kent on balance has to receive payment from Sussex it will be prepared to accept Bank of England notes, or what is the same thing at one remove, a Bank deposit. Over the whole area of both regions there exists a common legal tender money. As between two countries, however, there is no commonly accepted legal tender currency, and the notes of the separate countries are viewed with suspicion. There comes about, to express the idea simply, a need for some form of substance into which one can as it were "freeze" value. It is desirable that this monetary "ice" possesses certain physical properties (easy portability, high value in relation to bulk, durability, consistency of quality, &c.), and up to now it has also been necessary that it is convertible directly into a fixed number of currency units. The last condition is fulfilled whether the producing country is on the gold standard or not, as long as there is still one country on gold, that is that there is an ultimate buyer of gold at a fixed price. Suppose America became in this sense the ultimate buyer. Then to the gold producer an ounce of gold would always command a certain number of dollars, and by conversion it would command other

currencies. If the other currencies were depreciating steadily against the dollar, the price of gold would steadily rise. However, to take Mr. Martin's case, if there were no ultimate buyer in this sense, i.e. a buyer at a fixed price in terms of his own national currency, there would still arise a demand for gold for settling international balances, and as long as there remained the assumption *held with confidence* that at some time, somewhere, there would again be an ultimate buyer, and the new fixed price would not be less than the old, then there would be little reason to anticipate a fall in the price of gold. But remove this assumption. The price of gold may yet keep up, since although platinum and diamonds and other substances could then also be used, the physical properties of gold still make it peculiarly suitable for use as monetary "ice." Then, too, the countries already holding large gold stocks, and they are great and powerful countries, are unlikely, for reasons of national finance, to write down their gold stocks. Historically, the process has been one of successive devaluations, and there is good reason for this, since it is easier for a government to raise its revenues when the quantity of money is large than when it is small, and so to preserve its own popularity, democratic government, when it is freed from the internal restrictions of a gold standard, is usually likely to favour the inflationary path, i.e., the method increasing, rather than the method decreasing, the currency value of gold reserves. Without the assumption of any ultimate return, the price of gold in all national currencies would fluctuate. This would probably cause a "gold-hungry" country again to fix a price at which it is prepared to buy gold in its own currency, and so one has to return to the assumption. On the whole I believe the assumption to be quite realistic at the moment, and expect it to remain so for some considerable time.

I must now leave for a while the main question of my paper, and go off on a circular path, to return eventually. This very long digression is necessary, because two broad and almost generally accepted ideas have, I think, considerably confused the real issues. These ideas are often held with others which are quite inconsistent, but as questions of money and the exchanges are also in popular discussions necessarily wrapped in dark mystery, the confusion is seldom discovered. The two ideas I dislike are:—

- (a) That there is a normal rate of gold production to keep the price-level steady, and
- (b) That there is a directly proportional relation between gold stocks and the general price level.

These two ideas sound suspiciously similar to my friend's belief in the divine decree, yet in all their crudity they have greatly influenced thought on recent monetary problems.

The so-called "gold" problem has been held by the Macmillan Committee and the gold producers to be a non-monetary problem. Changes in non-monetary factors were accompanied by a failure of the monetary mechanism to make the necessary adjustments. This does not, as Professor Macgregor has pointed out, mean that the gold standard has "broken down," but only that we have been "forced off" the gold standard. In other words, to use an analogy, the machine did not refuse to fulfil its function, but the conditions laid down for its working prevented it from functioning successfully.

#### THE THEORIES OF PROFESSOR CASSEL.

The theories of Professor Cassel and his school are based on the proposition that there is a directly proportional relationship between gold stocks and the price level. On the whole, it is claimed that this relationship

holds for the period 1850 to 1910. In the post-war period the close parallelism disappears. It is argued by the supporters of the theory that in the latter period there were violent changes in demand which destroyed the relationship. Now, as Mr. Hardy has said, "It appears not unlikely that allowance for the demand factor would impair the cogency of the statistical argument for the early period as effectively as it salvages it for the later period!" In the early period, as we know, there were also large demands owing to the adoption of the gold standard by various European countries after 1850. Mr. Hawtrey has dealt very effectively with the statistical results. He says in criticism of the apparent correspondence and the assumed relation: "What your table shows is that the net result of all the different forces at work [in the 1850-1910 period] was to cancel each other out. . . ." "All you know is that there is a relative correspondence of the price level with the gold output. All it shows is that all these forces other than the gold output did more or less cancel out; but you are left completely in the dark about what you are cancelling gold out against. You do not know what the situation would be if you eliminated this particular circumstance of the general passage on to the gold standard."

Cassel, you will remember, says that as the price-level (measured by Sauerbeck's index number) is the same in 1910 as in 1850, one could find the annual increase necessitated by general economic progress. "A uniform increase in the gold stock which, after the elapse of a certain period, leaves the price level unaltered may be termed a normal increase for that period, and the stock of gold at any given moment, assuming a normal increase, may be termed the normal gold stock." Dividing this normal gold stock into the actual gold stock, he finds the relative gold stock, and concludes that every deviation of the actual gold stock from the normal (i.e., of the value of the relative above and below) is the cause of a change in the price level.

He then finds a remarkably close correspondence between the movements in the general price level and in the relative gold stock, and this, he claims, demonstrates that the chief causes of the secular variations of the general price level are to be found in changes in the relative gold stock. Now it is exactly this close correspondence which must raise our suspicion. As in the reading of a detective story, one is here vaguely aware that a statement is contradictory to one which has been made before. Here the correspondence means that gold production and the general level of prices rise and fall together, but let us ponder carefully on this. Given a fixed gold standard the price of gold is fixed. In a boom prospects for gold producers become worse, and in a slump prospects improve. In the effects on the expansion and contraction of the gold mining industry, and on output for these reasons one, therefore, from the light of both theory and practice, expects a result quite contrary to Cassel's idea, viz., that the boom does not increase gold production, but should in fact decrease gold production. In other words, rising prices bring about a later decrease in gold production, and not that increased gold production gives higher prices. Indeed the close correspondence (see Cassel's graph, p. 473 of Volume II, "The Theory of Social Economy") suggests that the movements synchronise in time. If a lag were introduced the thesis would be more convincing.

But let us reflect again. I am also over-simplifying. Let us suppose that there are no new gold discoveries and that existing mines only are worked. Then with a rise in costs one expects a rise in grade, and so if the capacities of the extractive equipment are unchanged,



the working of the same tonnage, but of an increased grade, should give us increased quantity of the pure product, fine ounces of gold. This suggests a justification of the Cassel thesis. In fact, though, we cannot be dogmatic. If prices fall we may expect a fall in the production of existing mines and an increase from new mines, and if prices rise the converse effects. The net results of an increase or decrease will depend on what variations in grade are possible and what new areas are available. Altogether one cannot say for certain what will follow. I have neglected too, so far, the possibility of quite fresh discoveries, and spoken only of known deposits. Obviously the fresh discovery of profitable ore may in either of the cases give a sudden large increase. These discoveries need follow no rule; they may be quite fortuitous. From one point of view, too, the possibility of fresh discovery is an argument against the Cassel theory. When prices are falling, and one expects according to his ideas a falling production, the increased *profitability* of gold-mining operations is likely to encourage prospecting, *i.e.*, to increase possibilities of discovery, and hence possibilities of increased production.

I have said all this very clumsily, and the limits of time do not permit a fuller treatment. As Mr. Keynes has said, a succession of lucky accidents contrived to keep the metal steady in terms of purchasing power. It does not seem reasonable to establish this gold-prices relationship on the statistics of a period in which great changes in both demand and supply happened conveniently to cancel out. The important point is what influence do monetary authorities allow the increment of fresh gold to exercise, and with all the expedients of economising gold at work, there appear to have been great changes in what Leffeldt called the "currency factor," *i.e.*, the ratio between all the currency (means of payment) actually used by the public, and the stock of gold in a country. On the whole there was in the period a rise in this currency factor, and from country to country it varied considerably.

It appears in the light of all the evidence that:—

- (a) There is not necessarily a direct proportional relation between the size of gold stocks and the price level;
- (b) That there might be such a statistical correspondence of movements in the same direction; but
- (c) These movements depend on so many factors, subject to individual variations, that no *normal rate* (which will keep the price level steady with an increase in economic activity) can be found. This idea of a normal rate depends on assumptions with little reality.

#### OBJECTIVES OF CURRENCY REFORM.

To those wishing to reform the currency systems of the world, two questions must come naturally:—

- (1) What are to be the objects of monetary policy, internal and external, and
- (2) How do these require the modification from time to time of the role of gold in the monetary system?

There may arise a conflict of internal and external objectives. In the post-war period it is clear that the maintenance of the external value of a currency usually meant internal instability. This post-war experience does not *prove* that a gold standard is *incapable* of promoting both objects. The more reasonable conclusion is that in the post-war period it was prevented from fulfilling both objects. The conflict may have been due to inherent defects of the gold standard or to conditions preventing the gold standard functioning successfully. The question in this way is rather stupid. An international

gold standard with fixed parities guarantees external stability. Internal stability depends on internal credit policy, and where internal credit policies have and achieve similar objects the dual objectives are secured. It would not then, though, be altogether accurate to say that the gold standard *promotes* both objects. It guarantees the one object, the achievement of the second depends on international co-operation between central banks in their credit policies. My point here is merely that at any given time the maintenance of an international gold standard is not necessarily *inconsistent* with the dual objects, although in fact the conflict of objects may arise.

Economists are notorious for the wide differences in their individual views. This opinion is usually strongly held by persons who have never read a reputable economist, and it depends rather on who is entitled to the label of economist. It is often claimed by the most miserable scribblers, and by some who, though distinguished in their own field, are quite unqualified to talk economics. If we restrict the use of terms to those engaged in teaching the subject in universities we shall probably find a remarkable amount of agreement. The illusion is due largely to the fact that the quarrels of academic economists have more publicity value than the arguments of other scientists, and, of course, discussions of the kind that are reported from public gatherings are naturally more concerned with the small disputed field rather than with the much larger field of settled theory. The objects of monetary policy fall, however, in the disputed class. Generally, economists in recent years have felt that it is desirable to keep something constant. As to what is to be kept constant (some index number of prices, the quantity of money, or final incomes, &c.) there has been much disagreement. If the world is on an international gold standard, and the central banking authorities pursue widely divergent policies, this may lead to the breakdown of the gold standard. A policy of defence of gold reserves may, as this country has learnt to its cost, be contrary to a policy of full employment. As Mr. Keynes now suggests, the best object of monetary policy may be that of full employment. Broadly, however, economists are agreed that it is desirable to have greater continuity of values generally. There are, of course, the two separate decisions as to what is to be kept constant, and when one is to start keeping it constant. It may, for example, be possible to keep a certain general index number at the level it is to-day, and this may mean the necessary retention of a considerable volume of involuntary unemployment.

This, in fact, provides a good argument against stabilisation now. It would seem desirable not to put on the shackles of fixed exchange until separate countries have absorbed the major portion of their involuntary unemployment. The choice of objects of monetary policy is the pure economic problem, the way in which gold must be treated to secure those objects is a technical problem in national and international banking.

The ideal plan of reform of the international gold standard is a method of controlling gold reserves (by changing reserve requirements or the gold content of currency units) so as to remove the dangers of deflationary and inflationary movements set in motion by fluctuations in the reserves, combined with central banking policy designed to secure full employment and some measure of stability of purchasing power, and finally to avoid the international transmission of inflation and deflation through the monetary standard. The quantity of gold that is relevant to the price level is the quantity necessary to maintain a given volume of credit. Given the objects of monetary policy, this would require a certain volume



of credit. The "gold" problem is, then, how to obtain an adjustment by appropriate changes with the instruments of monetary policy to allow the existing gold reserves, plus increments, as they accrue, to support the desired volume of credit. This is an extremely difficult banking problem.

The logical steps in the process of world monetary reform would seem to be :—

(1) The selection of *objects* of monetary policy, or rather the classification of the aims of those objects as they already exist ;

(2) The selection of parities which can for a reasonable period at the outset at least be maintained without stress ;

(3) International banking co-operation according to rules, which will allow maintenance of the standard in the absence of, or despite, violent political and other disturbances ; and

(4) Adjustment of the common policy from time to time to allow no prevention of the fulfilment of the objects by reason of fluctuations in the gold supply.

At the moment any estimate of future gold production would be subject to such uncertainty as to be almost valueless. Any such estimate must attempt to calculate the gold which may be recovered from known payable deposits. What deposits are likely to be payable is a question which can be answered only in relation to certain prices of gold and levels of working costs. If the world agrees on a common monetary policy with definite objects, and the price of gold is again fixed in currency, it becomes a matter of prime importance to have available estimates of future production, *i.e.*, to be able to anticipate and provide the corrective for fluctuations.

#### FACTORS IN SUPPLY.

On the supply side, the monetary authorities will be concerned with three main questions, *viz.* :—

(a) What factors determine the rate of gold output in tons of ore ?

(b) What factors determine grade, since the pure output, fine ounces of gold, is the product of tons multiplied by grade ?

(c) How does Government intervention in the form of taxation, &c., influence grade and scale of operations ?

"Ore," according to a strict definition, is a "natural aggregate of one or more minerals capable of profitable extraction." In practice one talks of payable and unpayable ore, and I shall also use it in this wider sense of deposits considered for working, whether they are actually worked or not. The ore in a mine represents potential wealth, and the value at any point of time will depend on the immediate valuation of this future income. This present value is a function of the life of a mine, since the life gives the "spread" of the dividend payments, and of the amortization. In the discounting process the rate of interest used is a "speculative" rate, made up of the safe rate of interest multiplied by a risk factor. The amount of money invested in mining will depend on the expectations of income and the rate. It will pay to increase the capital outlay as long as the increase in present value is greater than the increase in outlay. Additional increments of capital outlay will be applied up to the point where the additional increment of capital outlay equals the additional increment of present value of profits. This is, of course, only a complicated way of saying that capital outlay will be increased until it just earns *on the margin* the speculative rate demanded on the margin.

Now this speculative rate will not have too close a regard to the ruling rate of interest. On the *results* as

opposed to the *expectations* it may be found that the payment for taking the risk, *i.e.* for providing the service of bearing uncertainty, is positive or negative. At any moment the realised results have importance for the future only in so far as they influence these expectations, or in my terms, the speculative rate. At any moment, too, the market prices of gold-mining shares may have little relation to their real investment opportunities as compared with other shares.

It appears that no very dogmatic statement can be made by deductive means, nor does much statistical evidence exist as to the size of rewards entrepreneurs in risky enterprises receive for this service of bearing uncertainty. If knowledge were perfect the chances of loss could be made a cost, but as the range of possible returns is largely unknown, the size of the payment for uncertainty-bearing to some extent depends on luck. In certain boom periods investors may be prepared to pay a premium, as it were, for taking the chance of securing the high rewards which accrue on the very successful mines. As an engineer has phrased it, the successful mines are like the saints, for "many are called and few are chosen." With this scarcity of successful mines there may at times be a negative payment for uncertainty-bearing. There is, of course, too, the important subjective element of judgment. The degree of risk attached to a certain investment will vary with individuals. To quote T. A. Rickard, "A Boston school-teacher may buy the shares of the Great Wild Cat Extended as an 'investment,' whereas a Wall Street broker recognises that it is highly speculative ; and a Nevada engineer knows that it is a rank "gamble." These terms are relative ; they denote a crescendo of risk. . . ." On the whole, though, as people are likely to prefer safe to uncertain investments promising the same returns on the average ; it is also likely that over the long period there will be a positive payment for uncertainty-bearing. Professor Frankel's calculations (in the *Economic Journal*, March, 1935) suggests that this has been the experience of investors on the Rand over the period 1887 to 1932. He found the average return to be 4.1 per cent.

The object of the producers will be to obtain a rate of output which, with a given capital outlay, will maximise the present value of profits. In the long run life and the rate of output are fixed by the amount of capital employed, as on this depends the size of the extractive plant, which with falling working costs will be worked to capacity. The amount of capital will in turn be determined at the point where the marginal return equals the marginal speculative rate. In actual practice these problems are much more complicated by reason of the fact that costs change with depth, the presence of faults and other unexpected changes in ore richness, changes in the efficiency of labour and plant, &c.

In the long period we could say very broadly that that tonnage will be mined which has on the margin a yield equal to cost. Imagine that we could group the ore in a mine in tons of descending order of richness. We could then draw a curve showing how the average yield fell with changes in the tonnage. Similarly we could draw a curve of average cost. From the average curves we could then strike off marginal yield and cost curves. It would then pay us to add tons of lower grade up to the point where the last ton had a marginal yield equal to its marginal cost. So if we added one ton to ( $n-1$ ) tons, the marginal yield would be the difference between the total yields for  $n$  and ( $n-1$ ) tons. Similarly, marginal cost would be the difference between the total costs for the two tonnages. Generally, then, it will pay to push production to the point where the produce of the marginal

increment just covers the cost of extraction, so that the profit on the marginal output is reduced to zero.

In practice there are difficulties, and the calculations cannot be made with the precision of infinitely small increments. In mining on the Rand "the selection of profitable ore is limited (by considerations of lay-out, depth, pressure, ventilation, &c.) to substantial blocks which, by decision based on the opinion of technical officials, have to be worked or left as wholes." This does not alter the argument; it merely means that what is *marginal* ore (in the sense that it can be worked or left) is not an infinitely small increment or a single ton, but often a whole block. I shall, therefore, continue the argument assuming for the sake of simplicity that a marginal ton can be separated.

The physical volume of gold produced will depend, then, on the elasticity of the average yield curve of a mine. The measure of this is the relation between the increase in payable tonnage with a decrease in the average yield (*i.e.* the grade) of the ore mined. The average grade worked in an individual mine will be fixed similarly at this point of equality of marginal yield and marginal cost, *i.e.*, at the point where marginal profit is zero.

Consider now changes. The average and marginal working costs for large tonnages are almost identical, since the fixed element in the cost is spread over such a large number of units. Marginal working costs for very large tonnages is almost constant.

Suppose now the price of gold rises. The marginal yield curve will rise throughout its length. The point where marginal profit is zero will be pushed to the right, *i.e.*, to include tons of a lower grade. Obviously the degree to which the low grade ore will be included will depend on the gradient of the average yield curve, *i.e.* upon its elasticity. Or, put differently, it will depend on the frequency distribution of the ores in richness between high and low, and this will vary in different parts of the same mine and from mine to mine. A fall in the price of gold will have the opposite effect. It will draw the margin inwards, *i.e.*, raise the average grade worked. With fixed capacity, then, rises in the price of gold will mean a reduced output of gold in ounces; and a fall in the price, increases in output.

#### TAXATION AND OUTPUT.

Consider next changes in costs, and regard taxation as increasing costs. The influence of taxation on grade then depends on the location of the marginal ton (on which marginal profit is zero). The effects on the grade in existing mines will be, briefly, as follows:—

- (a) A tax fixed in amount as it will disappear from marginal cost will not change the location of the marginal ton, *i.e.*, it will not affect grade;
- (b) Where the tax is at a certain rate on profits, then when there is no profit on the margin, there is no tax. The position of the marginal ton and of grade is unchanged.
- (c) Where the tax adds a fixed amount per ton, whatever the grade and tonnage, the effect is to add to marginal cost. This pulls the marginal ton inwards to include low grade ores, *i.e.* to raise the average grade. If the average yield curve falls slowly with increases in tonnage, the low grade ore excluded in this fashion may be very large.
- (d) Where the rate of the tax on profits falls with decreases in grade (like with the South African Lease and Excess Profits Duty formulae) the result

is to push the marginal ton outward, *i.e.*, to lower average grade.

In the case of existing mines, then, government action may in some cases have a considerable effect in influencing the output of gold. In South Africa the effect of the rise in the price of gold and the operation of the Excess Profits taxation has had the effect of considerably reducing the total production in the last three years below the level of 1932, despite the emergence of new producers. As it takes a considerable time to equip and open up the new mines for production, increases in output for this reason take a few years.

The taxation of the premium on gold, *i.e.*, the excess of the total yield of the output at the current market price over the yield at the old standard price, has in different countries assumed different forms. Where, as in the Canadian tax of 1935, it takes a fixed percentage (there 20 per cent.) of the premium, the effect is the same as a new fall in the price of gold.

Taxation will affect output also in another way. Where, as in South Africa, income taxation discriminates against goldmining it tends to contract output. In South Africa income from gold-mining is taxed whatever the size of the individual income at a rate greater than the rate of tax on other income. That is to say, the marginal unit of income from gold-mining is diminished through taxation by a greater amount than the marginal unit of income from other sources. The result is that the marginal net returns from gold mining investment become relatively less attractive than the marginal net returns elsewhere. The effect must be to cause a shift from gold-mining to these other activities. The result is a distortion of the flow of new investment such as to give a diminution in the real national income, and in the volume of gold produced below what it would otherwise be. In other countries, as, for example, Australia, particularly in Queensland and South Australia, the income taxation is so framed as to give a relative advantage to investment in gold mining.

All that I have said here about gold production, and my treatment has been simplified almost to excess, indicates that the relation between annual gold production and the general level of prices is very much more complicated than Cassel's simple relation suggests. He himself describes the relation as part of his analytical method of "gradual approximation," but I suspect it could more accurately be described as "wilful over-simplification." With a fixed price of gold I think the volume of annual production is influenced by all the various factors I have described. The current output of gold has that effect on prices the monetary authorities allow it to have, and this may be varied considerably by various devices of economising gold and a hundred and one other things. On the other hand the gold producers will have a direct concern with the country's credit policy, since on this will depend the bids with which they have to compete in acquiring labour and raw materials necessary for their operations, and they cannot, like other producers, pass on increases in costs to consumers. These facts do not, however, justify a crude theory of relating rising and falling prices over periods *directly* with fluctuations in gold supply.

#### STABILISATION, WAR AND THE FUTURE.

To return now to the topics I started with. I have not the time to discuss the question of stabilisation in the near future. You are, however, probably familiar with the main arguments advanced in recent discussions, as in the admirable series of articles in Lloyd's Bank Review.



On the whole the arguments against early stabilisation by this country in the light of the present situation appear to be strongest. This does not, of course, diminish the desirability of stabilisation, but says only that the present time is not opportune. The main difficulties would seem to be the rigid adherence of the gold bloc to old parities, and the unequal distribution of gold holdings. It appears to become more desirable daily for the gold bloc countries to make the adjustment, and while they are perhaps more likely to devalue than to abandon gold, the date of the change seems to be coming closer.

As for ultimate demonetisation of gold, I regard this as most improbable. Even if all countries abandoned gold, and declared their intention of never returning to fixed parities, the habits of centuries and the physical properties of gold as monetary "ice" would probably maintain its use as money without any legal enactment to that effect. Indeed, it may prove impossible in practice to secure complete demonitisation for a very long period. The alternative to gold is an international money of a supernational bank, or the universal acceptance in a similar way of a national currency like sterling. In the world to-day these alternatives are so obviously unacceptable that I need not discuss them.

I have failed, so far, too, to mention what must be a very strong argument in favour of gold, viz., its value as a war chest. May I quote you a passage by Professor Cannan written in 1934: "Under the influence of the passion induced by war, nations will melt down their church bells, and become willing to exchange even so venerated an idol as the gold store of their central bank for munitions and the military services of mercenary foreign troops. They have always done it, and would do it again if a great war should recur. But if that happens scarcely anything will survive." This passage is prophetic, if we remind ourselves how Italian women from the Queen downwards have sacrificed objects of such close sentimental value as wedding rings in order to add to the gold stocks. The possession of a large gold reserve will enable a belligerent to buy with ease from a neutral, when no matter how great his resources, payment in other forms will not be acceptable. In the world to-day wherein gold can easily be exchanged into any currency payment by gold is most desirable in these cases. Italy's difficulties with its shrinking gold reserve provide a very obvious example.

On the other hand the old-fashioned gold standard may actually encourage hostilities, since the strongest countries will have their way, and if they inflict deflations on the weak countries, these latter in a struggle for markets may produce the quarrels which lead to hostilities. Mr. Keynes has very strong views on this. He says:—"Never in history was there a method devised of such efficacy for setting each country's advantage at variance with its neighbours as the international gold (or formerly, silver) standard. For it made domestic prosperity directly dependent on a competitive pursuit of markets and a competitive appetite for the precious metals. When, by happy accident, the new supplies of gold and silver were comparatively abundant, the struggle might be somewhat abated. But with the growth of wealth and the diminishing marginal propensity to consume, it has tended to become increasingly internecine." This is, of course, true. The international gold standard always demanded international co-operation, and in the past the influence of the City of London was probably strong enough to give guidance to the rest of the world. While the task now is more difficult, it would still seem that the measure of international agreement needed to obtain

a workable international gold standard is so much less than that needed to obtain a workable alternative that it must appear to be the most desirable practical policy.

Another political aspect must also be considered. The gold output of the British Empire in 1928 was 72.3 per cent, of the total world output, and an estimate for 1935 places its share at 56 per cent. In the world as a whole it, therefore, has on balance the interests of the gold producers, and the importance to individual dominions like South Africa, Canada and Australia, and to colonies like Southern Rhodesia and the Gold Coast, is relatively even greater. If the world as a whole has made a mistake in encouraging gold production, it cannot, on the grounds of common humanity, suddenly ruin those countries in which gold mining plays a prominent part. There is no need either to stress the importance of Anglo-American friendship, and if we consider stocks of gold, as well as production, the English-speaking countries have an even stronger interest in the retention of gold as money. Altogether the attempt of an Empire crusader to demonitise gold, fortunately impracticable, is a measure designed to prejudice rather than increase the welfare of the Empire.

To a Utopian this business of digging gold with much effort out of one hole and storing it in another may seem stupid, but in this world, as we know it, torn by internal dissension and distrust, there are very good reasons for doing it. We may hope and work for the world which no longer needs gold, and if this is obtained the world state, which alone can do it, may use the present stocks to decorate the newer and better world. In the world in which we live the stock of gold, so small that it could be put in a box with sides of 32 feet, has caused very much trouble.

Altogether, then, I conclude that the immediate prospects for gold production are very good; the more distant future is very uncertain, but there is reason to expect that conditions will still remain favourable. If and when the world returns to a reformed gold standard, and that is the declared intention of this country at least, it will be necessary to pay very careful attention to fluctuations in gold supply and to gold movements. Merely to return to gold at fixed parities without subsequent adjustments with fluctuations would be as precautionary as the old Russian superstition of keeping safe in a thunderstorm by thinking of relatives with bald heads.

#### Discussion.

**THE CHAIRMAN:** We are very much honoured this evening by having with us Sir Henry Strakosch and Sir George Gillett, both of whom are going to take part, I hope, in this discussion. I shall leave what I have to say until later on. Sir Henry Strakosch is a great authority on this subject. I regard his "Economist" supplements as among the most inspiring messages, the most dynamic writings, that were published during the slump, when we all wanted something dynamic. I have kept them, and also a copy of a speech which he delivered, I think, to a body of engineers. Sir George Gillett I last met at a meeting very different from this one—a meeting of adult schools.

**SIR HENRY STRAKOSCH:** I rise with some trepidation, for I realise that anything I may say on the gold question should be looked upon with suspicion in view of my close association with gold mining in South Africa. You have a right—in the circumstances—to presume that I am prejudiced in favour of gold. I propose, nevertheless, to explain as briefly as I can the views I hold in regard to gold in relation to the monetary systems of the world of the future. We have been told by a great many theoretical economists that gold is entirely useless to run a currency



system efficiently, and I believe in theory that is true. But the last few years have shown, in my view conclusively, that this idea may hold good in a world which is governed by pure logic and reason, but that it does not hold good in a world in which events are fashioned more by beliefs and prejudices than by logic and reason. We have always been told that if you manage your paper currency properly in the various countries, the balances of payments between countries will naturally settle themselves by the movement of goods, services and securities. But what have we actually found in recent times? When countries abandon the gold standard, and with it the discipline which that standard imposes on economic affairs, the almost immediate effect is that barriers are erected between countries and the free flow of goods, securities and services is impeded. You need merely think of what is happening to-day in many Continental countries, particularly Germany. All of them want to make themselves self-sufficient, and therefore impose almost insuperable barriers on the free flow of goods which would be the only means otherwise of settling the international balance of payment. You also see, as an immediate consequence of that state of things, that those countries soon find that they cannot meet their foreign obligations, and that their credit therefore becomes seriously impaired. I believe the world is never going to extricate itself from this state of things until the international gold standard is re-established. I want to congratulate Mr. Busschau on a very excellent paper, in which he has lucidly covered a vast amount of ground. I fully agree with him that the new gold standard will have to be on a somewhat different basis to the old one, and a rigid stabilisation of currencies will probably for some years to come not be a question of practical politics. There is another point I want to make, and it is this: that, for reasons which no one can explain, it is a fact that gold is acceptable in payment of debts the world over. If you go to the wild parts of Central Africa, you will find that the native there is willing to accept a gold coin or a piece of gold. Similarly, if you go into the most backward parts of India, or the East, you will find that gold is accepted. Gold is being freely accepted, you may say, the world over. The recent crisis has shown conclusively that no matter whether or not the value of gold is fixed in terms of local currencies, gold will be bought and will be accepted in payment of debts. Figures which I have been keeping up to date for some time, in order to see where the new gold supply went to, have shown me that since the great depression started, a few years ago, no less than about 85 million ounces of gold has gone into hoards, and at the present time I think the amount of gold hoarded—not in the East, mind you, but in the civilised countries of the West—is probably at its peak. It is legitimate to conclude, therefore, that people the world over regard gold as the safest refuge for their cash reserves, and for that reason I believe that, as a medium for settlement of international debts, gold is an indispensable factor. Mr. Busschau expressed a good deal of doubt as to the theory expounded by Professor Cassel about the relationship between gold stocks and the price level. Well, I am one of those who rather believes in that theory, and I will give you merely a few points that will perhaps help you to consider the question. I think it is undeniable that contraction of the gold supply in the monetary organisation of the Western world as we knew it before the great depression has led to a contraction of trade and a fall of prices. I need merely remind you that at the Conference in Genoa, which was held in 1922, the Currency Commission, of which I happened to be a member, enjoined Central Banks to co-operate with a view to shaping credit policy in such a manner as not to create a scramble for gold, because if that scramble for gold were to arise, commodity prices—so the Committee predicted—would fall, and very serious economic disturbances would follow. No one then was, I should imagine, greatly perturbed by the possibility of such a scramble for gold, yet this statement was made, and subsequent years have proved this warning to be thoroughly justified. As a member of the Financial Committee of the League, I presented a memorandum in

1927 to the Committee, in which I sounded a note of warning regarding the prevailing policy of credit contraction. This policy, if continued, would lead to a catastrophic fall of prices and a serious economic crisis. As the result of that memorandum, the Gold Delegation of the League was set up. Its findings were embodied in a report which can only be described as a compromise document which was not particularly illuminating, except for the fact that it was accompanied by a few dissenting notes. In one of these it was strongly emphasised that by the hoarding of gold by two countries, namely, the United States and France, a dearth of gold through withdrawals from central banks would be created in the rest of the world, which, if the gold standard in those countries were to be maintained, would naturally lead to a contraction of credit, and therefore to a pulling down of prices. There is a strong body of informed opinion to-day which believes that it was due to the insistence on the part of the United States and France on collecting Reparation and War Debts from Germany in the form of gold that gave the first impetus to the economic crisis from which we are only just emerging.

Sir G. GILLET: It always seems to me, in connection with this problem of the management of gold and the gold standard, that there is one matter of supreme importance that has always to be considered. I am old enough to remember the City of London working under the gold standard—that was before the War—when it might be said that you played the game more or less according to the rules. It seems to me that one of the first things you have to consider in connection with the gold standard is the fact that to-day you are not following out the rules of the game to a great extent. Our Lecturer has spoken to us about the important question of how far the price level depends upon the production of gold, and I confess I rather agree with Sir Henry Strakosch in thinking that in the past we have considered that the price level, broadly speaking, the world over, was rather governed by the amount of gold that was coming forward. But since the War we have been reminded of this fact. One of the great difficulties was the enormous amount of gold that was going into the United States. A second difficulty was that some time ago—I do not know how far it is the case to-day—when gold goes into a country, if it is used at once for enlarging the monetary system of that country, the gold may be said to be in use; but if the credit system is not expanded, the arrival of that gold in that country, as was the case in the United States years ago, practically makes hardly any difference. The gold was transferred from South Africa, where it had lain under the soil, to a vault in New York, where to a large extent it was just as useless as it was when in the earth. I expect that the great mass of people in this country to-day hardly realise the enormous amount of gold that is lying in many vaults, not only in the vaults of the Bank of England. It seems to me that these factors are dislocating the working of the gold standard. You also come up against the problem that while America is refusing to receive goods, she is detracting from other parts of the world the gold that might be used in expanding credit and so helping industry. If we come, then, to this question of when we are to return to the gold standard, it seems to me that in the first place you have to consider how far you are going to conform to the rules of the game. In one respect I think one important change that has taken place in the money market does seem to affect this question, and that is with regard to the floating balances of money that lie in the money markets of Europe. Whenever there is any panic in one country, the owners of money withdraw their money from that country and get it across the exchanges in order to secure their funds against a danger which they fear. In pre-War days there was nothing like this large amount of money moving about. If you returned to the old pre-War system and you were having your Bank Rate move up and down according as the exchanges were moving, you would have your price level and your rate of interest in this country dislocated. So it seems to me that these factors have all to be brought into consideration in connection with the problem we have

had before us this evening. I agree with the conclusion my friend has come to in suggesting that ultimately we shall probably arrive back at the gold standard, but we cannot go back without having, at any rate, a period when the new exchange levels would have to be very carefully tested. We are between those two great difficulties at the moment. We want to have a stable price level in the country, and we are enjoying it to-day. At the same time, none of us can hide from ourselves the fact that our international trade is suffering perhaps almost as much from this exchange difficulty as from any other problem. It is one of the great things that are awaiting solution. We are waiting for an increase in our export trade, and few people realise how that is being delayed by this problem of the exchanges that has been brought before us so lucidly by our Lecturer this evening. I should like to say again how much obliged I am to him for his interesting address.

The CHAIRMAN: I have listened with the greatest of interest to Mr. Busschau's paper. It is a paper which I think gives us all quite a lot to think about, because it covers gold in so many of its aspects—its currency side, its taxation side, and questions of stabilisation lie, of course, at the bottom of it. But I do want to make just two remarks. One is that the working of the gold standard, when it is in international use, would be of little purpose if it did not exercise a very strong power over the level of prices. That is part of its purpose. I daresay one could prove by historical survey that there is no strong correlation between gold stocks and the level of prices, but between the movements in gold stocks (to which Sir George Gillett has referred when speaking of the flight of refugee money) and prices there is a very definite connection. The movements in those stocks produce very powerful effects on prices in countries which are working the gold standard. I am not going to elaborate that at the moment, but I want you to think about it. Now I do not attach very much importance to the fact that gold is acceptable everywhere, and I will tell you why. The acceptability of gold is dependent, not upon the gold itself as a metal, but upon the value which has been given to it by legislation in various countries. I do not think for one moment that gold would be acceptable so widely and universally as it is to-day if there were no ultimate purchaser of gold. That is a point as to which I would part company with our very interesting Lecturer. I believe that the fact that it remains legal tender in any one country of size, and that it has a fixed value in any one country of size, is of supreme importance. I would not like to think what might happen to gold if all countries, including those still on the gold standard, declared that for the next ten years they would not use it as a basis for currency. I am not saying that it should not be retained as legal tender, but I say that its intrinsic value and the value conferred upon it by legislation are two different things, and that the value given to it by making it legal tender, by giving it a fixed value, and by the central banks being ready to sell or purchase it at that fixed value, is the supreme value of gold. Those are the acts which give it its value. However, I must not take up too much of your time. Before I sit down I should like again to express my personal thanks to the Lecturer for one of the most interesting papers on the subject that I have ever listened to.

Mr. F. R. WITTY, Incorporated Accountant: In his closing remarks, Mr. Busschau referred to the possibilities of an International currency. It seems to me that the only way in which you can really get both internal and external stability is by some form of World International Currency, to be controlled by a central world institution. While I realise that this cannot take place in the immediate future, I think it is, if I may use the phrase, one of the "Things to Come." I should like to hear Mr. Busschau's views on the subject.

Mr. BUSSCHAU: The question of the conflict between internal and external stability is rather technical and involved. I agree that if one could obtain a very large measure of international co-operation—in other words, if there were a commonly accepted international money

issue by a super-national bank, or a general acceptance of one national currency—one would not need gold at all. I think an international gold standard depends on a certain measure of international co-operation, but the alternative, which is Mr. Witty's suggestion, depends on a very much greater degree of international co-operation. We know how difficult it is to get agreement on such questions as disarmament, and that other agreement would probably be infinitely more difficult to secure. May I take this opportunity of thanking the previous speakers for their kind remarks? My difference with the Cassel school is one rather of the presentation of the argument than of the practical conclusions which may be drawn. I am sure the whole world is grateful to Sir Henry Strakosch for his own particular part in the discussions at Geneva and elsewhere. My objection is a theoretical one. I say that this relation that they talk about is not one of a simple direct proportion. In other words, the mathematics of their argument is much too simple. On the other hand, I agree with much of Sir Henry's analysis of the troubles of the post-War period, and our central conclusion is the same, namely, that there must be appropriate adjustments in central banking policy to allow the new gold to come in without disturbing effects. I cannot, on the other hand, agree with the Chairman on the question of the acceptability of gold. I do not think it depends merely on legislation. It is much more profound than that. As Sir Henry has pointed out, there are natives, who have probably never heard of Central Banks, who would not understand such legislation, and who would yet be prepared to accept gold. People, whether they know the legal enactments or not, would still definitely accept and prefer gold.

Mr. W. HOLMAN, Incorporated Accountant: At this late hour you will not expect me to make any considerable comment on the interesting paper to which we have listened, and I am thankful the hour is late, because I fear that if I started to comment on the paper, I should disclose to you my profound ignorance of the subject. But I would like, in expressing to Mr. Busschau on your behalf our very grateful thanks for the extremely able and interesting paper he has given us, to put a question which is at the back of my head. It is this. Gold is a commodity, unlike most others, which does not to any considerable extent disappear in use. Supply and demand is created by the constant use and disappearance of commodities, but in the case of gold the disappearance is so small as to be negligible. Therefore, since gold does not disappear, but still exists in practically the same form in the world, I cannot see why there should be a constant and recurring demand for gold, particularly as its use for internal currency purposes has ceased. I have much pleasure in proposing, on my own behalf and on behalf of the Society, a vote of thanks to Mr. Busschau.

Mr. W. D. MENZIES seconded the vote of thanks, which was carried by acclamation.

Mr. BUSSCHAU: Thank you very much. I think the answer to Mr. Holman's question is as follows. The durability of gold makes it peculiarly suitable for use as money metal. The scarcity depends upon how much credit can be built on gold, and how the means of payment will grow with the demand for it. If we compared the increase of production over the last 100 years with the increase in the gold supply over the same period, we would find that this first increase was very much greater than the increase in the supply of gold. It would seem, then, that the demand for currency made necessary by ordinary economic progress has grown at a greater rate than the gold stock has grown.

The proceedings terminated with a vote of thanks to the Chairman.

### FORTHCOMING EVENT.

July 1st-5th. Incorporated Accountants' Course at Caius College, Cambridge.



## SUCCESSFUL ACTION FOR CHARGES.

In the Mayor's and City of London Court before Judge F. Shewell Cooper, on June 12th, Messrs. Myring and Bradbury, Incorporated Accountants, 742-743, Salisbury House, London Wall, E.C., were successful in an action against Miss Ada Hatch, 52, Ripple Road, Barking, Essex, to recover £34 13s. for professional services rendered, in respect of which £16 3s. was tendered to and refused by plaintiffs but was ultimately paid into Court by defendant with a denial of further liability.

The formal defence was that defendant was only indebted to the extent of £16 3s.; that in November, 1934, she agreed with Mr. Bradbury, of plaintiff firm, that their remuneration should be 10 per cent. of the amount recovered for repayment of Schedule "A" Tax in respect of her properties in Ripple Road, Barking; that as a result of plaintiffs' endeavours on her behalf she had received from the Inland Revenue £108 12s. 8d., and accordingly admitted liability for £10 18s. in respect thereof, and, in addition, £5 5s. for work done in connection with the winding up of her business, which sum was agreed on the same day as the 10 per cent. arrangement—thus making an admitted total indebtedness of £16 3s.

Whilst Counsel was opening for plaintiffs, Mr. Moules intimated that it might shorten the issue if he said at once that he had no material upon which to suggest that the sum claimed was exaggerated and that the real point for his Lordship's decision was whether or not there was such an agreement as suggested by the defendant.

Mr. Mervyn Harry Bradbury said that on November 14th, 1934, he was instructed by defendant to audit her accounts for her cycle business. The question of her income tax was also then mentioned very briefly. On November 20th he saw defendant again concerning her audit figures, and she then produced one or two documents relating to her tax matters and asked him to look through them. He did so and it was obvious that her tax matters were in a hopeless mess and that it would be necessary to look into her affairs back to the fiscal year 1927-28. Eventually witness recovered for her some £108 and the Judge intimated that he appreciated that this was, of course, as witness said, quite incidental to the work that was done. Witness said that defendant had the misfortune to meet with an accident as a consequence of which she put her affairs into the hands of a Mr. Proctor, with whom witness dealt subsequently. Asked by Counsel if anything was said at either of his two interviews with defendant about working on the basis of 10 per cent. of any sum recovered, witness emphatically replied "Certainly not." The Judge then asked, "Or was there any such agreement with Mr. Proctor on her behalf?" and Mr. Moules intervened, and said, "No; I don't suggest that, my Lord." His Lordship then asked: "In general, do you make these speculative agreements?", to which witness replied, "No; my firm never has, and never would," and his Lordship commented, "No; so I should have supposed." Upon Counsel putting to witness that there were professional regulations of a disciplinary nature upon such matters, the Judge remarked that he knew them pretty well, and that he did not require them quoted. Witness said that after some time, many interviews and much negotiation, he got matters finally cleared up, and in the course of a conversation with Mr. Proctor, who was inquiring about the fee, witness said that it would be somewhere about £30, whereupon the present defence was put forward by defendant and was at once repudiated. His Lordship ruled that witness need not go into the question of the amount of work done in these particular circumstances. Cross-examined, witness insisted that at

the first interview the discussion of the tax matter amounted to only a few sentences on either side and that so far from a fee on a percentage basis being discussed or the possible amount of a refund being mentioned, it was impossible to determine up to a very late stage how much tax was likely to be recoverable and it could not be estimated. Witness said that in fact the fee in regard to the tax work was never discussed and certainly no 10 per cent. was mentioned.

Counsel said that he was prepared to call Mr. Myring, the principal of the firm, to say that he would never permit any such suggestion to be made, but his Lordship said that he would assume that and he did not consider it necessary for Mr. Myring to be called.

Miss Hatch said that there was no dispute about the £5 5s. for the audit, as that was agreed, but she said that at the same first interview she said that, roughly, she expected to get back about £150 for the one year and could Mr. Bradbury give her some idea of what the fee would be, and would he say five or perhaps seven guineas, to which he replied, "The recognised charge is 10 per cent." The Judge intervened, and said, "you don't expect me to believe that, do you? I don't; I cannot. It is a ridiculous thing to put into the mouth of an Incorporated Accountant. I think you had better abandon that; well, no, I had better not give you advice, but I can't believe that, I tell you frankly." Witness said that the next thing she heard was that Mr. Proctor mentioned that the fee would be thirty pounds or guineas.

His Lordship intimated that there was no need for Mr. Winfrey to cross-examine defendant, and said, "I cannot accept that evidence, it is impossible; judgment for plaintiffs, with costs."

Mr. Moules sought to diminish the costs on the ground that plaintiffs might have accepted the amount paid into Court when it was tendered to them, but his Lordship said that that would not do, and the costs must follow the event.

## District Societies of Incorporated Accountants.

### LONDON.

#### ANNUAL MEETING.

The seventh Annual Meeting of the Society was held at Incorporated Accountants' Hall on June 9th, 1936, at which Mr. Edward Baldry took the chair.

In moving the adoption of the report and accounts for the year ended March 31st, 1936, the Chairman said that the Society had reason to congratulate itself on the programme successfully completed during the past year, and he hoped that meetings and functions which were being arranged for 1936-37 would be well supported. Mr. Arthur Collins seconded the resolution, which was unanimously adopted.

The following members were re-elected to the Committee:—Mr. Walter Holman, Sir Thomas Keens, Mr. Henry Morgan, Col. W. A. Sparrow, Mr. Richard A. Witty. Mr. W. J. Back and Mr. D. Mahony were elected as new members of the Committee.

Mr. C. B. Hewitt was re-elected honorary auditor, and a vote of thanks was given to him for his services.

The meeting accorded a cordial vote of thanks to Mr. Henry Morgan for his services as Chairman during the past year.



At a meeting of the Committee, held immediately prior to the Annual Meeting, Mr. Edward Baldry was elected Chairman and Mr. Arthur Collins Vice-Chairman for the ensuing year. Mr. J. Scott-Moore was elected Honorary Treasurer and Mr. A. A. Garrett and Mr. Ernest E. Edwards Joint Secretaries.

#### Report.

The Committee submit the annual report for the year ended March 31st, 1936, and record the successful completion of a programme of meetings and functions.

In October, 1935, the Society had the pleasure of entertaining to luncheon at the Hotel Victoria, Mr. R. Wilson Bartlett, President of the Society of Incorporated Accountants and Auditors, when there was a good attendance of members and guests.

An interesting lecture was arranged in December, 1935, when Professor J. H. Jones, M.A., delivered a stimulating address on "Neglected Aspects of Rationalisation." The Committee are indebted to Mr. Cyril F. C. Brodie, of the Guardian Assurance Company, for his lecture on "Profits Insurance—Its Evolution and Modern Practice," which he delivered in March, 1936.

Dances were held at Incorporated Accountants' Hall in November, 1935, and in April, 1936. The second dance had been postponed from February 14th, 1936, owing to the death of His Majesty King George V.

#### LIVERPOOL. ANNUAL MEETING.

The Annual Meeting of the Incorporated Accountants' District Society of Liverpool was held on May 22nd. The President (Major E. S. Goulding), in the course of his address, announced that it had been arranged to provide new and more adequate headquarters for the District Society in Derby Square, Liverpool, the accommodation including a hall to seat about seventy persons, and a library annexe. He also referred to the success of the members' dinners and the Students' revision classes during the past year.

Mr. T. T. Plender was inducted as President for the ensuing year, with Mr. Ernest Chetter as Vice-President. Mr. Charles M. Dolby was re-appointed Honorary Treasurer, and Mr. W. Bertram Nelson Honorary Secretary, the Committee being re-elected.

At a subsequent meeting of the Students' Section, Mr. L. E. Collins was appointed Honorary Secretary of the Section.

#### NORTH STAFFORDSHIRE. ANNUAL MEETING.

The annual meeting of the Incorporated Accountants' District Society of North Staffordshire was held at the Town Hall, Hanley, on May 29th. Mr. R. W. Woodhead (President) presided.

The annual report and statement of accounts was submitted and adopted.

The following were elected as members of the Committee: Mr. F. E. Cheetham, Mr. E. Downward, Mr. L. G. Fetzer, and Mr. Donald H. Bates. Mr. Albert Bates was appointed Hon. Auditor.

At a meeting of the new Committee for the election of President and other officers, Mr. R. W. Woodhead (who had occupied the Presidency for the last three years) intimated his desire to relinquish the position in favour of Mr. M. P. Ferneyhough, who was then elected President for the ensuing year. It was suggested by Mr. E. Downward that in view of the amount of work which had been done by the Hon. Secretary (Mr. J. Paterson Brodie) for

the past eleven years, it would be fitting that he should be given the opportunity of occupying the Presidential chair. The District Society would thus give fuller recognition to the position which he so worthily held as a member of the Council of the Parent Society. Mr. Downward therefore proposed that Mr. Paterson Brodie should be offered the position of Vice-President, in order that he should succeed Mr. Ferneyhough at the conclusion of his term of office. This was unanimously approved. Mr. J. Paterson Brodie thanked the Committee for the compliment, and in accepting the position of Vice-President expressed the hope that he would be able to carry out as much useful work on behalf of the local members of the Society in that capacity as he had done in the past as Hon. Secretary. He felt that it was all to the good that other members should have an opportunity of doing active work on behalf of the District Society, and had great pleasure in supporting the suggestion that Mr. Donald Bates should be elected as his successor in the capacity of Hon. Secretary. Mr. Bates was thereupon duly elected.

Mr. E. Downward was elected Hon. Treasurer in place of Mr. R. M. Chapman, who was appointed to the position of Hon. Librarian.

#### Report.

The Committee has pleasure in submitting its annual report for the year ended March 31st last.

#### MEMBERSHIP.

The membership of the District Society on March 31st, 1936, was 117, including 14 Fellows, 52 Associates and 51 students.

#### REVIEW OF THE SESSION'S WORK.

During the session, the following meetings were held:—

"More about Business Accounts, and How to Read Them," by Sir Thomas Keens, D.L., F.S.A.A.

"Executorship Law and Accounts," by Mr. H. A. R. J. Wilson, F.S.A.A.

"Bankrupts and Company Directors," by Mr. F. C. Ormerod, Official Receiver, Stoke-on-Trent.

Mock Income Tax Appeal. Chairman: Mr. L. W. Caulcott, Inspector of Taxes.

"Special Types of Assessable Income," by Mr. A. Stuart Allen, F.S.A.A.

"Currency Problems," by Mr. A. R. Capey, Foreign Manager, District Bank, London.

"Process Costing," by Mr. W. H. Stalker, A.S.A.A.

"Realities of Industrial Planning and Price-Fixing," by Mr. Archibald Crawford, K.C. (Chairman of Industrial Federations).

All the lectures have been well attended, and the Committee desires to place on record its grateful thanks to the lecturers for their services.

It is with regret that the Committee has to record the death, during the past year, of Sir James Martin, one of the founders of the Society, who had held the appointment of Secretary from 1886 to 1919, and was President during the year 1922-23 and during the fiftieth anniversary celebrations in 1935. The Council of the Society of Incorporated Accountants has, during the year, made an appeal to members for the purpose of establishing a "Sir James Martin Memorial Fund," and the Committee is pleased to report that this has been well supported by the members of the District Society.

The annual dinner of the District Society, which should have taken place on March 27th, was postponed until April 1st.

The Committee tenders its congratulations to the students who were successful in the examinations of the Society, especially to Mr. W. A. Follows, who secured Honours in the Intermediate examination. Five other candidates passed the Intermediate and three the Final.

The President and Secretary attended the 50th anniversary celebrations of the Parent Society in London and the Conference of District Societies held in May last, and were also present at the very successful function held by the Manchester District Society in celebration of their fiftieth anniversary.

The following members of the Committee are due to retire at the annual meeting: Mr. F. E. Cheetham, Mr. E. Downward, Mr. L. G. Fetzner, Mr. T. Thompson, and Mr. N. Bishell. All are eligible for re-election.

## NOTTINGHAM, DERBY AND LINCOLN.

### Report.

The Committee has pleasure in submitting its twenty-seventh annual report for the year ended March 31st, 1936.

### MEMBERSHIP.

The figures as to membership for the past two years are as follows:—

	March 31, 1936.	March 31, 1935.
Fellows and Associates in Practice	51	51
Fellows and Associates not in Practice .. .. .	89	79
Students .. .. .	97	93
	237	223

### OBITUARY.

The Committee regrets to report the death of Sir James Martin, J.P., Vice-President of this Society and for many years Adviser to the Council of the Parent Society.

### LECTURES.

- "Income Tax," by Mr. C. G. Woodifield.
- "Public Speaking and Conduct of Meetings," by Mr. C. J. Danbury.
- "Costing," by Mr. W. W. Bigg, F.S.A.A., F.C.A.
- "Sale of Goods," by Mr. W. A. Boot (Solicitor).
- "Economics," by Mr. Arthur Radford, B.Sc. (Econ.).
- "Secretarial Duties," by Mr. A. A. Garrett, M.A., B.Sc.
- "Receiverships," by Mr. Stanley Blythen, F.S.A.A., F.C.A.
- "Stock Exchange Activities," by Mr. A. S. Wade.
- "Mechanical Accountancy and Demonstration," by Mr. P. Logie.
- "Executorship," by Mr. H. A. R. J. Wilson, F.S.A.A., F.C.A.
- "Voluntary Liquidations," by Mr. C. A. Sales, LL.B., F.S.A.A.
- "Statistics," by Mr. Arthur Radford, B.Sc. (Econ.).
- Open Debate. Motion, proposed by Mr. J. B. Carter, A.S.A.A., and opposed by Mr. F. W. Brierley, A.S.A.A.

### UNIVERSITY COLLEGE CLASSES.

The attention of students is drawn to the night classes in Accountancy, Law, Economics and Statistics, available for accountancy students at the Nottingham University College. These courses are specially suitable for candidates for the Society Intermediate and Final examinations.

### COUNCIL.

We record with pleasure the appointment of Mr. Fred A. Prior, Immediate Past-President of this District Society, to the Council of the Parent Society. He has the congratulations and good wishes of all members.

### CONFERENCE.

The President, Mr. Harold R. Horne, and the Secretary, Mr. Stanley I. Wallis, attended the Annual Meeting and

Conference of Representatives of District Societies in London, in May, 1935.

### VISIT TO WORKS.

A party of thirty members and students visited the model tobacco factory of Messrs. John Player & Son, by courtesy of the Directors.

### LIBRARY.

Further additions have been made to the Library, and increasing use is being made of the facilities offered. Suggestions for additions, and for improving its utility, will be welcomed.

### COMMITTEE.

The retiring members of the Committee—Mr. W. Gretton, Mr. J. W. Mee, Mr. H. F. Palmer, Mr. H. B. Platts and Mr. Jesse Boydell—being eligible, offer themselves for re-election.

### AUDITORS.

The retiring Auditors are Mr. Walter Clayton, A.S.A.A., and Mr. Harold T. Hooley, F.S.A.A. Mr. Walter Clayton only offers himself for re-election.

### EXAMINATIONS.

The Committee tenders its congratulations to the successful candidates in the examinations of the Parent Society. Mr. E. S. Prince, of Derby, is specially congratulated on having obtained honours in the Preliminary, Intermediate and Final examinations. Eleven students passed the Final during 1935, and fourteen the Intermediate.

## SHEFFIELD.

### Annual Report.

The Committee has pleasure in presenting to the members the following Report on the work of the Society for the year ended March 31st, 1936.

The following meetings were held:—

"Municipal Accounts," by Mr. A. B. GRIFFITHS, F.S.A.A., F.I.M.T.A.

"Some Recent Impressions of the United States of America," by Mr. W. J. Hinton (Institute of Bankers).

Students' Debate (at Bradford).

"That in the opinion of this house the nationalisation of the Banks would tend to destroy the financial stability of this country."

"Legal Avoidance of Income Tax," by Mr. C. J. Woodifield.

Student Society's Dance at Brincliffe Hall.

Football Match—Students' Society v. Law Students.

"The Management of Working Capital," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

"A Talk to Students on Cost Accounts," by Mr. W. H. Stalker, A.S.A.A. (at Doncaster).

Visit to Tinsley Park Colliery (Students' Society).

"The Technique of Accountancy," by Mr. W. Bertram Nelson, F.S.A.A.

"Fixed Trusts," by Mr. A. E. Kavanagh, F.C.A.

"The Rights and Duties of Liquidators and Trustees," by Mr. F. J. Kershaw, LL.M. (Solicitor).

The Committee tenders its hearty congratulations to the students who were successful in the examinations during 1935. Four passed the Final and eleven the Intermediate.

On the occasion of the fiftieth anniversary of the foundation of the Society, the District Society was represented at the Dinner in the Guildhall, London, on April 3rd, 1935, by Mr. Percy Toothill, Mr. A. B. Griffiths and Mr. J. W. Richardson.

The Incorporated Accountants' Society of Manchester and District celebrated their fiftieth anniversary on March 19th and 20th, 1936, and this District Society was represented by the Secretary.

The District Society was represented at the dinners of the District Societies of Bradford, Birmingham, Leicester, Newcastle-upon-Tyne, Nottingham, Derby and Lincoln, and Yorkshire, in addition to the dinners of the Sheffield and District Society of Chartered Accountants, the Sheffield and District Branch of the Chartered Institute of Secretaries, and the Sheffield Centre of the Institute of Cost and Works Accountants.

The Secretary attended the Conference of District Society Representatives in London in May, 1935.

It was with profound regret that the news was received in August last of the passing of Sir James Martin, one of the founders of the Society. The position occupied by the Society in the professional and commercial life of the country is largely due to his untiring efforts.

Attendance at the lectures has been satisfactory. For the first time Doncaster has been the venue of one of the lectures, and it is hoped that further lectures will be arranged in Doncaster during the coming session.

### SOUTH WALES AND MONMOUTHSHIRE.

#### Annual Report.

The Committee presents to the members its report of the activities of the Society for the year ended March 31st, 1936.

#### OBITUARY.

The Society has suffered three losses through death during the year: Mr. Charles Fletcher Sanders, J.P., M.A., F.S.A.A., Mr. George Merrills Sanders, F.S.A.A., and Mr. Leyshon Richard Williams, F.S.A.A. Mr. C. F. Sanders had held the high position of Lord Mayor of the City of Cardiff and was actively interested in the public and educational life of the city, and his loss was deeply felt not only by his fellow-members of the Society but also by the whole body of his fellow-citizens. Mr. L. R. Williams had rendered considerable services for many years as a member of the Committee of the District Society.

#### MR. R. WILSON BARTLETT, J.P.

The heartiest congratulations of his fellow-members are extended to Mr. R. Wilson Bartlett on his re-election as President of the Society of Incorporated Accountants and Auditors.

#### MR. F. J. ALBAN, C.B.E.

The heartiest congratulations are also extended to Mr. F. J. Alban on his election to a seat on the Council of the Society of Incorporated Accountants and Auditors.

#### SIR JAMES MARTIN MEMORIAL FUND.

In order to commemorate the work and memory of the late Sir James Martin, the Council of the Parent Society inaugurated a permanent endowment to be called the "Sir James Martin Memorial Fund," to be transferred to the trustees of the Society's Benevolent Fund. Sixty-seven members of this District Society responded to the appeal and a sum of £169 16s. was forwarded to the trustees. A gratifying feature of the response was the number of students from whom contributions were received.

#### LECTURES.

The following programme of lectures was arranged by the District Society and the two student sections:—  
"An Introduction to Economics," by Mr. A. E. Pugh, F.S.A.A. (President, District Society).

"Local Income Tax," by Mr. John Allcock, O.B.E., F.S.A.A.

"The Gold Standard," by Mr. John Owen, M.A. (Joint Meeting with the Incorporated Secretaries' Association).

"Bankruptcy," by Mr. C. T. Stephens, F.S.A.A.

"Claims Against Schedule 'A' Assessments," by Mr. C. T. Stephens, F.S.A.A.

Debate: "That the Banking System of this Country should be Nationalised."

"Secretarial Practice," by Mr. A. A. Garrett, M.B.E., M.A. (Joint Meeting with Chartered Institute of Secretaries).

"Solicitors' Accounts under the New Act," by Mr. W. J. Back, A.S.A.A.

In addition, the student sections again held meetings in connection with the Prize Essay Scheme.

The thanks of the members of the Society are extended to those gentlemen who so kindly contributed to the success of the session by the lectures they gave. The attendance at lectures this year established a record, the average number being 81, whilst the largest attendance was 142.

#### CONFERENCE OF REPRESENTATIVES OF BRANCHES AND DISTRICT SOCIETIES.

The conference of representatives of branches and district societies was held on May 16th, 1935. Mr. Tudor Davies (President) and the Hon. Secretary represented this District Society.

#### EXAMINATIONS.

The District Society was particularly gratified that the Gold Medal of the Society of Incorporated Accountants was won by a Cardiff student, Mr. Albert Vincent Vincent, who took first place in the Society's Final examination in May, 1935. The heartiest congratulations are accorded to him, and also to Mr. Dudley Childs (Newport), who secured fifth place in the Final examination, and Mr. Walter William Stanley (Newport), who secured second place in the Intermediate examination in May, 1935. In addition, ten students passed the Final examination during the year and seventeen the Intermediate.

The Committee decided to award prizes to all students who attained Honours in the examinations. These were presented by the President of the Parent Society at the annual dinner.

#### ANNUAL DINNER.

The annual dinner was held at the Park Hotel, Cardiff, on March 27th, and was attended by about 200 members and guests.

#### PANEL OF PROFESSIONAL LECTURERS.

In response to suggestions made at a recent conference of representatives, the Parent Society has established a panel of professional lecturers, whose services are available for all District Societies.

#### KING GEORGE JUBILEE TRUST FUND.

In response to the national appeal a sum of £18 11s. 6d. was raised and sent to the City Treasurer, Cardiff, on behalf of the members of this Society.

#### Newport Students' Section.

##### LECTURES AND SHORT PAPERS.

The short papers given at the meetings of this section were as follows:—

"Loss of Profits Insurance," by Mr. O. Honeywood.

"Recent (including the 1935) Finance Acts," by Mr. G. A. Hulbert.



"The Position Created by the Death of a Trader," by Mr. C. Harrison.

"Prime Cost, with particular reference to Wages," by Mr. W. E. Davies.

"The Allocation of Overhead Expenses," by Mr. A. D. G. Jordan.

Discussion of general matters with a view to assisting Examination Candidates. "Sections of the Companies Act, 1929, to remember," introduced by Mr. W. W. Stanley, and "Dividend Accounts," by Mr. O. Honywood.

The joint debate with the Cardiff students was held at Cardiff on February 6th, the subject being, "That the Banks should be Nationalised." Cardiff, who took the negative, won the debate by a great majority despite the excellent effort by Mr. R. C. Pugh, who took the affirmative for Newport.

#### PRIZE ESSAY SCHEME.

The prizewinners under the Prize Essay Scheme were Mr. G. A. Hulbert (first prize) and Mr. O. Honywood (second prize).

#### SOCIAL ACTIVITIES.

The annual outing on June 26th, 1935, was a visit to Incorporated Accountants' Hall.

The annual dance was held at the Westgate Hotel on March 18th, 1936. Though the numbers were not as good as in previous years, a very enjoyable evening was experienced.

#### Cardiff and District Students' Section.

The annual outing of the Cardiff Students' Section was held on June 9th, when a visit was paid to the establishment of the Austin Motor Co., Ltd., at Longbridge, Birmingham. A party of 25 members was cordially received by Mr. Welch, the Reception Officer, and conducted over various departments, including the mechanical accountancy department in the cost office, where demonstrations of the various machines were seen. The party was generously provided with lunch and tea, and Mr. Perry-Keene, Cost Comptroller, presided on each occasion.

A cordial vote of thanks was extended to Mr. Perry-Keene and the officers of the company for the generous hospitality provided and for making the visit so happy and interesting. Mr. Perry-Keene, in responding, said that he was particularly glad to welcome accountancy students to the establishment.

#### WEST OF ENGLAND.

##### Report.

The Committee have pleasure in presenting the report of the work of the Society for the year ended March 31st, 1936.

##### MEMBERSHIP.

The total membership is 222, consisting of 41 Fellows, 113 Associates and 68 Students.

##### LECTURES.

The following lectures were given :—

##### AT BRISTOL.

"Capitalisation of Profits and Issue of Bonus Shares," by Mr. Percy H. Walker, F.S.A.A.

"Stock Exchange Transactions," by Mr. W. H. Grainger, F.S.A.A.

"Consolidated Balance Sheets," by Mr. R. Glynne Williams, A.C.A.

"The Liability of Directors," by Mr. E. W. W. Veale, LL.D.

"Income Tax—Cessation and Succession," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

"Deeds of Arrangement," by Mr. C. A. Sales, LL.B., F.S.A.A.

##### AT GLOUCESTER.

"Capitalisation of Profits and Issue of Bonus Shares," by Mr. Percy H. Walker, F.S.A.A.

"Income Tax—Cessation and Succession," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

"Partnership Law and Accounts," by Mr. C. A. Sales, LL.B., F.S.A.A.

##### LIBRARY.

Several additions have been made to the Library during the year, and increasing use is being made of the facilities offered.

##### OBITUARY.

The Committee record with regret the death of Mr. A. H. Brewer, of Bath, who had been a member of the Committee and for some years acted as Honorary Secretary to the Society.

##### EXAMINATIONS.

Seventeen Students were successful at the examinations of the Society held in May and November, 1935—seven in the Final and ten in the Intermediate.

##### FIFTIETH ANNIVERSARY CELEBRATIONS.

The District Society was represented by the President and Honorary Secretary on the occasion of the Fiftieth Anniversary Celebrations of the Parent Society, held in London, and also at the inaugural dinner of the Devon and Cornwall District Society and the functions held by the Manchester District Society in celebration of their Fiftieth Anniversary.

##### COMMITTEE.

The retiring members of the Committee are Mr. S. Foster, Mr. E. S. Hare and Mr. C. B. Steed. They are eligible and offer themselves for re-election.

#### YORKSHIRE.

##### Annual Report.

The Committee has pleasure in submitting its 42nd annual report for the year ended March 31st, 1936.

##### MEMBERSHIP.

The membership on March 31st, 1936, was 566, including 59 Fellows, 272 Associates, and 235 Students. The total last year was 555.

##### LECTURES.

During the session, nine lectures were held at Leeds and two at Huddersfield. The average attendance was 25 at Leeds and 15 at Huddersfield. The following is a full list of the lectures :—

"The Eternal Triangle," by Mr. W. A. Nixon, F.S.A.A. Joint Meeting with the Chartered Secretaries (West Yorks. Branch). "Company Law Reform," by Mr. R. A. Chadwick, M.A., LL.M.

"Modern Problems in Accountancy," by Mr. R. Glynne Williams, A.C.A. (at Huddersfield).

"Auditing Investigations," by Mr. W. H. Grainger, F.S.A.A.

"Executorship Accounts," by Mr. Sydney Beevers, B.A., F.C.A.

"Some Developments in Office Organisation," by Mr. E. R. Dodd, A.S.A.A.

"Income Tax," by Mr. Wilfred Dargue, A.C.A.

"Sur-Tax and Private Limited Companies," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

"Voluntary Liquidations and the Rights and Duties of the Liquidators in Connection Therewith," by Mr. W. H. Grainger, F.S.A.A. (at Huddersfield).

"Budgetary Control," by Mr. W. H. Stalker, A.S.A.A.

"Cost Accounts," by Mr. W. W. Bigg, F.C.A., F.S.A.A.

#### LIBRARY.

The library continues to be well used by both senior members and students. It is kept up to date with recent editions of law and accountancy books.

#### EXAMINATIONS.

The Committee tenders its congratulations to the candidates who were successful in the examinations of the Parent Society held in May and November, 1935. Fourteen passed the Final and nineteen the Intermediate.

The attention of students is drawn to the prizes offered for any candidate taking honours at the Society's examinations:—

Final Examination (1st place)	.. ..	£5 5 0
do. (other place)	.. ..	2 12 6
Intermediate Examination (1st place)	.. ..	3 3 0
do. (other place)	.. ..	1 11 6

#### STAFF APPOINTMENTS REGISTER.

During the past year many appointments have been arranged by means of the Staff Appointments Register at the Secretary's office.

Members in practice having vacancies on their staffs will greatly assist the scheme by communicating with the Secretary.

#### SOCIAL FUNCTIONS.

By kind permission of the directors, a party visited the offices and works of Joseph Terry & Sons, Limited, York, on July 25th. The visitors were taken round the works and offices, and the mechanical accounting machines and the various office systems of accounting were described in detail by Mr. E. R. Dodd, A.S.A.A., and Mr. D. C. Stewart.

A members' dinner and concert was held on October 11th.

The official dinner was held on December 4th, 1935.

The annual dinner-dance for members and friends took place on February 28th, 1936, and was well supported.

#### DISTRICT SOCIETY HEADQUARTERS.

The Committee has in hand a scheme for a District Society office, lecture room, and library, for the use of members in this area.

#### THE SIR JAMES MARTIN MEMORIAL FUND.

All Incorporated Accountants were sorry to hear of the passing of Sir James Martin on August 21st, 1935. An appeal has been made to members of the Society to raise a special fund, to be handed over to the trustees of the Incorporated Accountants' Benevolent Fund, as a suitable memorial for his services to the Society. The amount raised for the fund, as reported at the Society's annual meeting, was £3,540.

## Scottish Notes.

(FROM OUR CORRESPONDENT.)

#### Meeting of Scottish Council.

A meeting of the Council of the Scottish Branch was held in Glasgow on the 24th ult., Mr. Robt. T. Dunlop, President of the Branch, in the chair. There were also present Mr. W. Davidson Hall, Mr. D. R. Matheson, M.A., LL.B., and Mr. Walter MacGregor (Vice-Presidents), Mr. John A. Gough, Mr. Wm. Houston, Mr. P. G. S. Ritchie, Mr. Robert Fraser and Mr. E. Hall Wight, Glasgow; Mr. W. L. Pattullo, Dundee; Mr. James T. Morrison, J.P., Coatbridge; Mr. W. J. Wood, Perth; Mr. Festus Moffat, Falkirk; and Mr. James Paterson, Secretary.

Apologies for absence were intimated from Mr. Alexander Davidson, Peterhead; Mr. J. Stewart Seggie, Edinburgh; Mr. W. Hill Jack, Glasgow; and Mr. D. M. Muir, Dunfermline.

The Chairman extended a welcome to Bailie Festus Moffat and Mr. Robert Fraser, new Members of Council.

Reports were given as to matters connected with the Students' Societies in Glasgow and Edinburgh, and on the work of the Society in its various activities. The President reported on the discussions which took place at the meeting of the representatives of Branches and District Societies held on May 21st.

Other matters connected with the work of the Society in Scotland were reported and variously dealt with.

#### Honour to Scottish F.S.A.A.

Amongst the King's Birthday Honours appears the name of Mr. Oswald William Arnold, F.S.A.A., Edinburgh, Inspector of Audit, National Health Department, who receives the award of O.B.E.

#### Scottish Education Department.

The sixty-third annual report by the Accountant to the Scottish Education Department on the Accounts for the year 1934-35 has now been issued. The total revenue expenditure amounted to £12,517,114, of which 62.86 per cent. was for salaries and retiring allowances. Of this expenditure £6,705,422 was met by grants from the Scottish Education Department, Ministry of Labour, school fees and other minor sources. Reference is made to payment of personal and other allowances to members of Education Authorities in respect of attendance at meetings of the Authorities and Committees. Cases which appear to show a lack of regard for the terms of the Statute are being investigated.

It is pointed out that the practice in some instances of creating unofficial or other similar funds from commissions on insurances taken out by Town and County Councils in the exercise of their functions as education authorities is illegal, and steps have been taken with a view to funds so created being taken into the accounts of these authorities.

#### Woman's Insurance on Husband's Life.

The proceeds of a policy of insurance taken out on the life of a man for the benefit of his wife, which matured during her lifetime, was declared by Lord Robertson in a recent case to be the estate of the wife.

A sum of £185 admittedly represented the balance of the proceeds of an insurance policy taken out under the Married Women's Policies of Assurance (Scotland) Act, 1880. This sum was claimed by the executrix of the deceased wife as belonging to her estate. It was also claimed by deceased's husband, on the ground that he had paid the premiums in respect of the insurance and that when the policy became payable it was his property and not

his wife's. When the sum became due during the wife's lifetime it had been lodged in Bank in joint names of the husband and wife, "to be operated on by either or survivor." This, the husband claimed, was a donation in his favour. Lord Robertson held that there was no donation, and that the sum fell into the executry estate.

## Notes on Legal Cases.

### CONTRACTS.

#### Leeson v. Leeson.

##### *Appropriation of Payment.*

The Court of Appeal held that an intention to appropriate a payment to a particular debt does not, in the absence of communication of such intention to the creditor, amount in law to an appropriation.

(C.A. : (1936) L.J.N., 365.)

### EXECUTORSHIP LAW AND TRUSTS.

#### In re Reckwell.

##### *"All Other Money."*

Clauson (J.) held that all other money invested or in a bank may be construed to include the whole residuary estate, and that the word "money" might not only mean cash, but also property generally.

(Ch. : (1936) L.J.N., 366.)

#### In re Ray's Will Trusts.

##### *Beneficial Gift to Attesting Witness.*

By her will a testatrix gave all her property to "the person who at the time of my death shall be or shall act as the abess" of a named convent. One of the attesting witnesses was a nun who subsequently became the abess of the convent and who was occupying that office at the time of the death of the testatrix.

It was held that the gift was a valid gift to the abess, as trustee, for the purposes of the convent; that the property went to swell the fund of the community; and that the gift was not avoided by sect. 15 of the Wills Act, 1837, which makes a beneficial gift to an attesting witness invalid.

(Ch. : (1936) 52 T.L.R., 446.)

### REVENUE.

#### Inland Revenue Commissioners v. Crossman & Others.

##### *Shares Held Subject to Restriction.*

By sect. 7 (5) of the Finance Act, 1894, "the principal value of any property shall be estimated to be the price which, in the opinion of the Commissioners, such property would fetch if sold in the open market at the time of the death of the deceased."

It was held by the House of Lords, reversing the decision of the Court of Appeal (see *Incorporated Accountants' Journal*, November, 1934, p. 74), that where shares of a company are held subject to restrictions on transfer imposed by the Articles of Association, including a right of pre-emption in favour of existing holders of shares, the estimation of the principal value of the shares under sect. 7 (5) is not limited to the price fixed by the Articles at which they would have been sold to any existing holder under the pre-emption clause, but is to be estimated at the price which they would fetch if sold in the open market on the terms that the purchaser should be entitled to be registered as holder of the shares and should take them subject to the provisions of the Articles of Association, including the articles relating to alienation and transfer of the shares of the company.

(H.L. : (1936) 52 T.L.R., 415.)

#### Timpson's Executors v. Yerbury.

##### *Income from Foreign Possessions.*

Mrs. T., who died in 1933, was a beneficiary under the will of a testator who have two-eighths of his residuary estate to a Trust Company of New York upon trust for investment and to collect the income thereof and to accumulate the income until she attained the age of 21 and afterwards upon trust to collect the income of the two-eighths shares and the accumulations, and to apply the net income quarterly or as often as the same should from time to time accrue to her use as long as she lived. The trusts of the will fell to be administered under the law of the State of New York under which the whole estate in law and equity in the trust funds was vested in the Trust Company and the trust gave the beneficiary merely the right to resort to a Court of equity to compel the Trust Company to discharge the task imposed upon it.

Mrs. T. from time to time directed the Trust Company to pay certain allowances to her children. These allowances were all remitted to England, either to the children or their bankers and were included in the assessments to income tax made upon Mrs. T. for the years 1924-25 to 1926-27 inclusive.

It was held by the Court of Appeal that the drafts sent to the United Kingdom in respect of the allowances did not become the children's property until they had been cashed and that, although Mrs. T. could not be said to have received the payments, she was "entitled" to the income when it reached England and was therefore assessable to income tax in respect of it under Rule 1 of the Miscellaneous Rules applicable to Schedule D when read in connection with Rule 2 of the Rules applicable to Case V of Schedule D.

(C.A. : (1936) 1 K.B., 645.)

#### Inland Revenue Commissioners v. Executors of Lord Hatherton.

##### *Mining Lease.*

By covenants in two mining leases the lessees covenanted with two lessors to supply the lessors and their agents, or the nominees of both, with a quantity of free coal in each year, such coal to be brought to the surface and delivered at the pit bank by the lessees.

It was held that the value of the free coal delivered under the covenants, formed part of the rental value of a right to work minerals, and therefore that the lessors were assessable in respect of that value to mineral rights duty under the Finance (1909-1910) Act, 1910, and to royalties welfare levy under the Mining Industry Act, 1926.

(K.B. : (1936) 52 T.L.R., 368.)

### PROFESSIONAL INSTITUTES.

#### Faraday v. Auctioneers' Institute.

##### *Violation of Rules.*

An Article of an institute provided that no member should establish or join, either as principal or assistant, any commercial firm or undertaking for the purpose of carrying on or assisting to carry on professional business as an adjunct to or in connection with the commercial business of such firm. A company carried on an estate agency business which, though not part of their commercial business, was run as an adjunct to it, and they arranged with the plaintiff, a rating expert, that in cases where they required him they would share with him the fees, his expenses being halved with the company.

It was held by the Court of Appeal, affirming the decision of Eve (J.) (see *Incorporated Accountants' Journal*, August, 1935, p. 422), that the plaintiff had "joined" the company as an "assistant" within the meaning of the Article and was therefore in breach of it.

(C.A. : (1936) 52 T.L.R., 342.)